FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,121 Tuesday December 30 1986 D 8523 B

Year of the screens: do adjust your set, Page 8

World news

Former British premier dies

EARL of Stockton, formerly Harold MacMillan, British Prime Minister from 1957 to 1963, has died aged 92.

He was rated one of the most successful post-war British Prime Ministers and presided over the comparatively peaceful dissolution of the British Empire.

Another major achievement was reuniting the Conservative Party after the Suez crisis.

He showed considerable administrative ability in a variety of ministerial posts before succeeding to the premiership at the age of 62.

Apart from his achievements, Lord Stockton will be remembered for his Edwardian style, particularly in Parliament.

Bomb hits resort

A bomb exploded at the ski station where King Juan Carlos and other members of the royal family are spending a post-Christmas holiday. The King's residence was 500 yards away.

The bomb damaged several rooms on the third floor of the luxury Hotel Montarto at Baqueria Beret in the Pyrenees where several members of the official bodyguard were staying. Page 2

Camps ceasefire

Shia Moslem leader Nabih Berri has ordered an immediate ceasefire at Palestinian refugee camps in Beirut and southern Lebanon. He said supplies would be allowed into the Rashidiyeh camp near Tyre from January 1.

Wounded killed

Sudanese troops shot dead 22 wounded rebels they had captured "in accordance with legitimate military procedure to comfort the wounded and avoid torture," a government official said in Khartoum. Hatred and hunger, Page 10

Singapore reshuffle

A Singapore Cabinet reshuffle has confirmed Brig Gen Lee Hsian Loong, son of Prime Minister Lee Kuan Yew, as Minister of Trade and Industry and fuelled speculation that he may succeed his father. Page 3

Kim Il-Sung elected

North Korean Communist leader Kim Il-Sung was re-elected president and a member of the Politburo. Li Gun-Mo, becomes the new Prime Minister in place of Kang Sung-Sang, Tass reported from Pyongyang.

Sikhs block streets

Militant Sikh students blocked streets in three Punjab cities at the start of a protest strike against death sentences imposed on the three men found guilty of assassinating Mrs Indira Gandhi. Shops were burned during scattered violence. Page 3

Israeli trial delayed

An Israeli court postponed by a month the Nazi war crimes trial of retired US car worker John Demjanjuk, accused of murdering Jews at Treblinka death camp during the Second World War, to give his lawyer more time to prepare a defense. It will begin on February 16.

Challenger settlement

Families of four of the seven crew members killed in the Challenger shuttle accident agreed to out-of-court settlements providing "adequate financial security," the Justice Department said in Washington. Sources said the settlements were for a minimum of $750,000 each spread over a number of years.

Island cut off

The cyclone-hit French Pacific island of Futuna lost its last link with the outside world when a police radio failed. Continuing bad weather prevented food and medical supplies from being flown in.

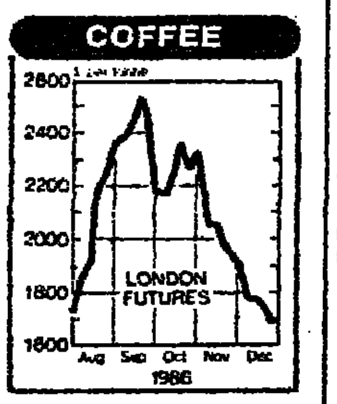
Business summary

Racal to buy out Vodafone partners

RACAL, UK electronics group, is buying out the minority partners in its Vodafone cellular telephone network in a $181m cash and share deal aimed at giving it greater flexibility overseas. Page 11

CERUS, French holding company of Mr Carlo De Benedetti, Italian financier, is to raise FFr 2.1bn ($324m) of new capital in an operation aimed at preparing for new acquisitions. Page 11

COFFEE prices resumed their pre-Christmas decline under pressure from sterling's strength against the dollar and uncertainty about Brazil's export policy. The March position on the London futures market closed £53.50 down at £1,687.50 a tonne. Commodities markets, Page 18



LONDON: An improvement in Government bond prices encouraged shares in London and the FT-SE 100 index closed 6.5 higher at 1,671.8, while the FT Ordinary index added 5.9 to 1,307.1. Long-dated bonds showed net gains of about ½ of a point. Page 26

JAPANESE share prices fluctuated widely in 1986 and benefited from the glut of liquidity as institutional investors poured funds into the stock market. Page 26

WALL STREET: The Dow Jones industrial average closed 18.28 down at 1,912.12. Page 26

GOLD fell to $389.50 ($392.0) on the London bullion market. It also fell in Zurich to $390.35 ($391.05). In New York the Comex February settlement was $391.90. Page 18

DOLLAR closed in New York at DM 1.9450; SFr 1.6300; FFr 6.4405 and 4159.55. It fell in London to DM 1.9425 (DM 1.9695). It also fell to FFr 6.4275 (FFr 6.48); to SFr 1.6230 (SFr 1.6495); and to Y159.00 (Y161.95). On Bank of England figures the dollar's exchange rate index fell to 108.7 (109.6). Page 19

STERLING closed in New York at $1.4680. It rose 1.15 cents in London to $1.4685; but fell elsewhere to DM 2.8525 (DM 2.87); to FFr 9.4375 (FFr 9.44); to SFr 2.3825 (SFr 2.402) and to Y233.50 (Y236.0). The pound's exchange rate index fell 0.1 to 68.9. Page 19

ISRAEL has received an offer from Mr Shaul Eisenberg, Hong Kong-based multi-millionaire, to swap his minority shareholding in the state-controlled Oil Refineries for an equivalent value of shares in the oil-based Paz group. Page 14

IRANIAN and US central banking officials started talks at The Hague to resolve the terms of transfer of about $500m from the US to Iran. The sum is attributed to excessive Iranian interest payments. Page 10

NORDSTJERNAN, privately owned Swedish industrial conglomerate, has revived plans to launch Avesta, its majority-owned stainless steel subsidiary, on the Stockholm Stock Exchange only two years after the failure of a previous attempted flotation. Page 11

BANK of America will close its Colombo office on Thursday, the first major foreign bank to do so since the Jayewardene Government's liberalised economic policy in 1977 attracted 10 US, European and other banks to Sri Lanka. Page 11

SHIPBUILDING orders through the world fell 33 per cent in the first nine months of the year, compared with 1985, said the Organisation for Economic Co-operation and Development.

Oil market firms as producers switch to fixed-price system

BY MAX WILKINSON, RESOURCES EDITOR, IN LONDON

OIL PRICES rose in the first full day of trading after the Christmas break yesterday, as the markets on both sides of the Atlantic showed a belief that a price of $18 a barrel was attainable, at least for a time.

In Europe, the price of Brent crude rose 40 cents in early trading after the news that some oil producers had told customers that they would revert to a fixed price system from next month. At the end of the day Brent Blend was being traded at $17.70, just 30 cents short of the $18 per barrel which the Organisation of Petroleum Exporting Countries set as its target at its meeting in Geneva before Christmas.

The same firmness was shown in the US, where the price of light oil for March delivery on the New York Mercantile Exchange had risen 35 cents by early afternoon to $17.75.

The confidence of the markets was raised by announcements from Saudi Arabia and Kuwait that they will be implementing the new regime of agreed fixed prices from February 1.

The Kuwait Petroleum Corporation was reported to have told customers that its price for export crude would be $18.67 from that date, and has said that all sales will be made at that fixed price rather than at netback prices related to the realised price of petroleum products.

Saudi Arabia has also announced the ending of netback arrangements. Instead customers will be offered crude at take-it-or-leave-it prices fixed by Opec on December 20. These prices range from $17.87 for the lighter Arab Berri to $16.92 for Arabian Heavy.

Iran is thought to have made a similar move and has asked Japanese traders to Tehran next month to negotiate a new price structure. However, the Japanese are expected to press for a discount on the grounds that Iran's continuing war with Iraq is likely to disrupt supplies. Saudi Arabia is thought to be giving some covert support to Iran by announcing a 20 per cent cut back in contracted supplies to Japan from January.

There was general confidence in the markets yesterday that the other main Opec producers would also soon announce that they would follow the fixed price regime and cut production to the reduced quotas agreed in Geneva.

There was less confidence that Opec would be able to maintain discipline in the face of individual pressures to exceed quotas by offering concealed discounts. As one trader said in London yesterday: "Everyone will be watching the Nigerians to see if they make any funny deals."

Under the Opec agreement total production would be reduced from 16.24m barrels a day in December to 15.8m b/d in the first three months of 1987. All countries except Iraq, which is not part of the agreement, have pledged to reduce output compared with the level in December, but it remains to be seen whether cheating will occur.

Traders are also worried about the effect of the continuing high level of stocks which overhangs the market, particularly in Europe.

The Soviet Union, which is not an Opec member, attempted to take advantage of the firmer trend in prices by announcing a new fixed price of $18.80 for its oil.

Dollar falls, Page 10

EEC rejects Japanese reform of liquor tariffs

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Commission has rejected Japan's proposed reforms of taxation on imported whisky and brandy as inadequate – and has promised to pursue its test case action alleging unfair discrimination under the General Agreement on Tariffs and Trade (Gatt).

A statement issued in Brussels marks a severe blow to the Japanese Government's energetic campaign to have Europe's Gatt challenge abandoned in response to the proposed overhaul of its tax and tariff system which is to be submitted for approval by the Japanese Diet.

The Commission, which is responsible for the external trade relations of the 12 EEC member states, said that the tax proposals failed to remove the discrimination against imported spirits. It admitted, however, that the Japanese plans would introduce a uniform tax regime for wines and liqueurs.

The EEC has singled out alcohol sales as a test case of Japanese discrimination against imports, although the annual sales of some £170m for both wines and spirits can hardly dent the expected $20bn EEC trade deficit with Japan this year.

Tokyo has agreed to allow a Gatt panel to be set up in January to decide the issue if the Community was unsatisfied by its proposed reforms. Japan had, however, mounted a vigorous campaign to persuade the Europeans that the action would answer their complaints. A senior envoy was sent to Brussels with details just before Christmas.

The US Government is expected to announce today that it will take retaliatory measures against the EEC because of lost US grain sales to Spain. The EEC had asked for a one month postponement of the December 31 deadline for settling the dispute. Page 10

The Commission said yesterday it was not satisfied: "Although the draft law finally establishes a uniform tax regime for wines and liqueurs ... the discrimination is maintained for spirits. Whiskies and brandies of inferior grades produced in Japan will remain subject to much lower taxes than those applicable to imported products."

The Commission also noted that proposed tariff reductions (of some 30 per cent) while amounting to a step in the right direction, would still leave Japanese import duties at a much higher level than those in the European Community and the US.

The Japanese reforms have been rejected by the European spirits manufacturers, including the Scotch Whisky Association, as "totally inadequate."

The Japanese plan is to amalgamate tax rates for the two top grades of brandy and whisky – "special" and "first" grades – from 1988, but to leave the inferior second-grade whiskies and brandies, including the great bulk of Japanese products, enjoying a significant tax advantage as "spirits."

Mr Tim Jackson, spokesman for the EEC producers, said imported brandies and whiskies would continue to pay five times more tax than the reclassified second-grade products.

"The world reform is a complete misnomer," he said. "It is quite simply a window-dressing, and the blatant discrimination will continue to deny all imported spirits the opportunity to compete on equal terms in all sections of the Japanese market."

Officials in Brussels believe their action in targetting the alcohol market for action under Article 23 of the Gatt, alleging unfair discrimination is finally producing a response. They have already listed areas for similar action in 1987.

Marks and Spencer planning entry into US retail market

BY LISA WOOD IN LONDON

MARKS AND SPENCER, Britain's biggest retailer, is to enter the US retail market early next year by opening four women's clothing shops in New York state. They will trade under the D'Allaird's name, a chain of shops which the group owns in Canada.

Within a further 18 months M and S will open a few stores under its own name in the same state as part of an experiment to determine whether or not there is a market opportunity for it in the $1,400bn US retail market.

This cautious move by M and S into the US comes after 14 years experience in Canada, where it now wholly owns Marks and Spencer Canada after paying C$111m ($80m) in March this year for the 46.5 per cent minority holding in its Canadian subsidiary.

The UK retailer has about 220 stores in Canada including 68 M and S outlets, D'Allaird's ladies clothes' shops and Peoples department stores. The division, which has had a troubled history since M and S first became involved in 1972, has slowly improved. Turnover last year rose from C$295.3m to C$336.2m and pre-tax profits increased from C$12.8m to C$17.58m. The M and S stores went into profit for the first time in the year ended January 31 1986.

Analysts said yesterday the introduction of the D'Allaird's outlets, which cater for women over 35 years of age, was a sensible and logical way of making a push across the border and the potential of the US market justified the investment already made in North America. M and S said it hoped the D'Allaird's stores, which are operated on leaseholds, would be viable in their own right, but in addition they would provide valuable experience for the M and S branded experiment. The M and S stores in the US will not be as large as those in the UK, and it is likely that a more restricted range of merchandise will be on offer.

Overseas development is likely to be an increasing thrust of M and S's activities as the group faces an increasingly mature UK market.

Lex, Page 10

Guinness share deal may have breached rules

By Clive Wolman and David Lascelles in London

GUINNESS, the UK brewing and spirits company which is currently the subject of a Government investigation, appears to have purchased 2.1m of its own shares without shareholders' authority at the end of its takeover battle for Distillers in breach of the Companies Act.

The possibly illicit £7.5m ($11m) purchase was the last in a series of transactions in which several institutional investors were used to "warehouse" (buy and hold for a short period) Guinness shares. The aim was to boost the Guinness share price during the takeover battle, thereby increasing the value and attractiveness of the Guinness offer to Distillers' shareholders to sell their shares in exchange for Guinness shares.

Mr Ernest Saunders, the Guinness chief executive, faces a possible fine or prison sentence if he is implicated in any illegal purchases of Guinness shares or in the giving of financial assistance to other purchasers of the shares.

Mr Saunders is currently away on holiday and could not be contacted. But Guinness said last night that it would be giving "a full and satisfactory explanation" to the inspectors of the Department of Trade and Industry, who are investigating the company, should they ask for it. One spokesman suggested that an error may have been made in the arrangements for settling the share purchase by Guinness's merchant bank, Morgan Grenfell, which was the chief instigator of the Guinness share transactions during the bid. He was, however, unable to explain how such a large sum could have been transferred in error.

The name Guinness plc appears on the payment instruction received by Ansbacher through the Clearing House Automated Payments System (Chaps), as the party which paid the £7.5m to buy the 2.1m Guinness shares on April 18.

The shares were bought from UK and overseas institutional clients of the merchant bank, Henry Ansbacher immediately after Guinness announced that it had won control of Distillers. Guinness paid a price of 355p per share, well above the stock market price, which at the time was falling from 335p to 315p. The money was transferred from Guinness via its own clearing bank and Chaps on May 6, the date for stock exchange settlement.

The 2.1m shares were originally bought through the stock market in late March or early April by Ans-

Continued on Page 10

Guinness drops lawsuit, Page 3; Lex, Page 10

Paris in move to intervene on rail strikes

BY GEORGE GRAHAM IN PARIS

THE FRENCH Government last night intervened in a bid to defuse the rail strikes which have paralysed the country for the last 12 days.

Mr Jacques Douffiagues, the French Transport Minister, announced the suspension of the controversial merit-linked pay scales which have lain at the heart of the rail dispute.

Mr Douffiagues said he had appointed Mr Francois Lavondès, secretary general of the Economic and Social Council, a state advisory body, to arbitrate on the issue of merit-related pay scales between the striking railwaymen and SNCF, the national railway company.

The crisis led to further pressure in the foreign exchange markets yesterday. The French franc slipped another 0.75 centimes against the West German D-Mark to FFr 3.3078 at the fixing.

Foreign exchange dealers said this was closer than the French authorities usually liked to the franc's floor of FFr 3.3303 within the exchange rate mechanism of the European Monetary System, but that they had seen no signs of intervention by the Bank of France.

Mr Jacques Chirac, the Prime Minister, also discussed the rail strike with President Françoise Mitterrand, in a meeting mainly devoted to the situation in Chad, where fighting continued yesterday between Libyan troops and those of Mr Hissene Habre, President of Chad. Mr Chirac was due to fly last night to Gabon to discuss African affairs with President Omar Bongo and President Sassou Nguesso of the Congo.

Mr Mitterrand, like Mr Chirac, has so far studiously refused to become directly involved in the dispute.

Separate talks are due to reopen today between SNCF management and trade unions after a week of stand-off. While SNCF officials said that they were encouraged by an increase in the number of trains allowed to run yesterday, the talks will cover only the issue of working conditions, not pay levels.

Ministers remained adamant, however, that the railways could not breach the limits laid down by Mr Chirac for the public sector pay round in 1987. The Prime Minister has told state enterprises that their wage bills must not rise by more than 2 per cent, or 3 per cent if offset by productivity increases.

Mr Denis Baudoin, Mr Chirac's spokesman, said that the Government hoped that "acceptable solutions" could be found which would not jeopardise the economic achievements of the past year.

The offer made last week by SNCF, and rejected by the majority of rail unions, already goes fractionally beyond the 3 per cent limit, once promotions, a January bonus and a two stage pay rise are taken into account.

SNCF has few cards to play, Page 2

Shamir cleared of security offences

BY OUR JERUSALEM CORRESPONDENT

MR YITZHAK SHAMIR, the Israeli Prime Minister, was yesterday cleared by a Justice Ministry report of any blame in the long-running security service affair.

The report, released by the Attorney General to the press with classified sections omitted, cleared Mr Shamir of giving a general order to kill suspected terrorists on capture; of giving a specific order to general security (Shin Bet) agents to kill two Arabs who hijacked a bus in southern Israel in April, 1984, when Mr Shamir was Prime Minister; and to being privy to the subsequent cover-up by Shin Bet officers, including its head Mr Avraham Shalom, who rigged testimony to two commissions of inquiry.

The report pins the blame firmly on Mr Shalom, who resigned in June and was given a presidential pardon. The report states that none of the other 10 Shin Bet agents implicated should be prosecuted.

Mr Shamir's Likud block associates are delighted with the report's findings.

But the head of the first commission of inquiry, Major General Meir Zorea, has described the conclusions of the report as inappropriate to a properly run state.

"I find it unacceptable that after what happened everyone got off scot-free."

The two-year-long affair was dominated less by a debate over the rights and wrongs of killing hijack-

Continued on Page 10

CONTENTS

OVERSEAS NEWS

BAe has orders for 29 aircraft worth over $130m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

BRITISH AEROSPACE is ending the year with firm orders worth more than $130m (£88.5m) for 29 aircrafts. The orders are for both its Jetstream 31 twin turbo-prop airliner and its twin-engined Type 125 business jet.

BAe said that there had been orders from the US for 18 Jetstreams, 14 by Jetstream International for delivery to Piedmont Airlines, with paid options on a further 20. Air New Orleans, a new customer serving the New Orleans hub airport of Continental Airlines, a big US domestic operator, has ordered four Jetstreams.

These deals bring total orders for the Jetstream to 148, with another 32 on option. US orders have totalled 100.

BAe has also received orders for 11 of the latest model of its twin-engined business jet, the Type 125-800, from seven companies in three countries.

The orders bring total sales of the Type 125 business jet to 655, making it the UK's best-selling jet aircraft.

It is estimated that by the end of the century up to $90bn will be spent around the world on the development of airports to cope with the rising volume of air passenger and cargo traffic.

Airports International, the airport management journal, says this represents a rise of $10bn over the estimate of a year ago. It follows announcements of projects at many European airports, including Amsterdam, Athens, Dublin, Frankfurt, London and Vienna.

A new airport is planned for Badgery's Creek, near Sydney, for 1995 and new facilities each totalling more than $1bn are planned for King Fahd in Saudi Arabia, Denver in the US, Munich in West Germany and Cheongju in South Korea.

The Far East is one of the fastest areas of aviation growth. Projects include developments in Hong Kong, Singapore, Malaysia and Nepal.

In China, regional developments at Shenzen and Dalian are spearheading plans to build up to 300 domestic airport facilities throughout the country.

In the US, at Chicago's O'Hare, the busiest airport in the world, a $1.6bn project which will add a 42-gate terminal for United Airlines. Other works are under way at Miami, Seattle, Ontario (California) and Phoenix (Arizona).

World air passenger traffic grew 5 per cent during 1986, reaching a total of 938m travellers on international and domestic scheduled air services against 891m during 1985. This does not include non-scheduled and charter traffic.

Figures issued by the International Civil Aviation Organisation (the aviation agency of the United Nations) show that traffic totalled 1,429bn passenger-kilometres, a gain of 5 per cent over 1985.

Air cargo traffic rose by 8 per cent to 42.9bn freight tonne-kilometres flown.

Venezuela oil and gas finds 'most important'

BY JO MANN IN CARACAS

RECENT discoveries of huge deposits of crude oil and natural gas in eastern Venezuela could mean a significant increase in the nation's proven hydrocarbon reserves, according to a Venezuelan oil industry executive.

Mr Renato Urdaneta, president of Lagoven, one of the national oil company's operating units, said that the new discoveries were the most important made by the Venezuelan oil industry in the past 25 years.

Recently identified deposits of light and medium crude oil in Venezuela's eastern basin could add about 4bn barrels to the country's proven oil reserves, he said. The finds, made in the eastern state of Monagas, could also add an estimated 350bn cubic feet of non-associated natural gas to the country's proven gas reserves, he said.

At the end of last year, Venezuela reported that it had proven crude oil reserves of 29.3bn barrels and natural gas reserves of 1,733bn cubic metres. Lagoven's discoveries could boost Venezuela's crude oil reserves by more than 13 per cent.

Venezuela, a founding member of Opec, depends heavily on oil exports for its economic well-being. The success of Lagoven's exploration programme in eastern Venezuela means that the country's oil industry will enjoy added flexibility in terms of important new reserves of light/medium crude oil, as well as natural gas.

Greek booksellers in protest against VAT

GREEK publishers and booksellers are bitterly protesting against new taxes that they claim will ruin the country's struggling book trade, AP reports from Athens.

The 350 publishers and 400 booksellers also want the Government to boost book sales by opening dozens more public libraries around the country and developing a systematic policy to promote reading.

When Greece introduces value-added tax (Vat) on January 1 to conform with European Community rules, books will cost 6 per cent more. But the publishers say that an 18 per cent Vat tariff on printing costs will send book prices soaring by 30 per cent this year.

"This is a tax on thought and culture. It's quite unacceptable in a developing country where people should be officially encouraged to read more," Mr Dimitris Panteleskos, vice president of the federation of publishers and booksellers, said in an interview.

In other countries, Vat on books ranges from zero in Britain, Ireland and Portugal to 22 per cent in Denmark. Booksellers in the 12-nation trade bloc are campaigning to get Vat on books abolished completely.

But Finance Ministry officials say that Greek books are among the cheapest in Europe. They also note that the state-run television screens an unpaid advertisement, urging consumers to buy particular books, almost daily.

Most publishers estimate that as many as 3,000 new titles are issued every year, of which only half a dozen sell more than 10,000 copies.

UK-Guatemala relations restored after 25 years

BY OUR FOREIGN STAFF

BRITAIN and the Central American republic of Guatemala yesterday re-established diplomatic relations, which were broken off 25 years ago. Guatemala severed official relations with Britain in 1963 in protest against the granting of internal self-government to Belize, formerly the colony of British Honduras. After Belize became fully independent in 1981, consular relations between Guatemala and the UK were also broken off and were not re-established until earlier this year.

Following the re-establishment of diplomatic relations, which is largely the result of the policy of the new civilian government in Guatemala, which came to power in January after decades of military rule, Britain will set up a small embassy of two or three diplomats in Guatemala City.

At the request of Belize, Britain maintains a small military garrison in the country to prevent Guatemala from enforcing its territorial claims.

Juan Carlos escapes bomb at ski resort

By David White in Madrid

AN EMBARRASSING gap was exposed in Spain's anti-terrorist security yesterday morning when a bomb exploded at the ski station where King Juan Carlos and other members of the Royal Family were spending an after-Christmas holiday.

The bomb damaged several rooms on the third floor of the Hotel Montarto at Baquiera Beret, the leading resort in the eastern Spanish Pyrenees, where several members of the official bodyguard were staying.

Telephone warnings made in the name of the Basque terrorist organisation Eta enabled guests to be evacuated before the explosion.

The king, who was staying about 500 yds away from the hotel at the foot of the slopes, was skiing as usual three hours later with his son Prince Felipe and his brother-in-law, former King Constantine of Greece. Police sealed access roads to the resort, which is near the border with France.

The bombing came after a police swoop on Eta units in the Spanish Basque country, in which eight alleged members of the organisation were arrested and arms seized.

The incident appears to confirm the opening of a new "front" for Eta activity in Catalonia, where five bombs have exploded in Barcelona over the past few weeks.

It was the latest in a recent series of attacks aimed primarily at French interests in Spain, in protest against the Chirac Government's policy of handing Eta suspects over to the Spanish police.

A Civil Guard was killed on Christmas Eve by a bomb at a supermarket near San Sebastian controlled by the French Carrefour group. This was followed on the night of Christmas Day by a bomb which blew a hole in the French-owned Novotel Hotel on the outskirts of Madrid, and on Sunday, by explosions at Renault and Peugeot dealerships in the Bilbao region.

Japan to breach limit on defence

JAPAN plans to breach its 10-year-old policy of limiting military spending to below 1 per cent of gross national product, a spokesman for the Defence Agency said yesterday, Reuter reports from Tokyo.

He said the decision was made at a meeting of officials of the Government and the ruling Liberal Democratic Party (LDP) which included Mr Yuko Kurihara, Defence Minister, and Mr Kiichi Miyazawa, the Finance Minister.

The meeting agreed on a 5.2 per cent increase in defence spending to Y3,517bn (£14.9bn).

This will be equivalent to 1.004 per cent of the officially forecast GNP for the fiscal year starting on April 1.

The 1 per cent figure was set in 1976. However, the US has been pressing Japan to increase its defence spending. The Defence Agency has also declared that Japan's defences have failed to keep pace with a Soviet military build-up in Asia.

The Cabinet will officially approve the spending plan today together with other budget plans. All are subject to parliamentary approval early next year.

Defence spending is a touchy issue in Japan but the LDP has more than 300 of the lower house's 512 seats.

Next year will be the second of a five-year defence plan designed to give Japan the ability to defend itself alone against small-scale, limited agression.

A White Paper on defence, approved by the Cabinet in August, said: "The international situation in the area surrounding Japan is getting worse."

It said Moscow had deployed up to a third of its total strategic nuclear forces in the Far East over the past decade and had brought its conventional troop strength east of Lake Baikal to 370,000.

The White Paper also said Moscow had 2,390 bombers and fighters in the area and the Soviet Pacific fleet had 840 ships.

George Graham reports on a testing series of strikes in the French public sector

SNCF finds it has few cards left to play

FACED BY the longest public sector strike since 1968, the directors of SNCF, France's national railway company, have few cards left to play.

They have agreed to a pay settlement including a 1 per cent pay rise in June, another 0.7 per cent in October and a bonus on January 1 starting at FFr 250. The overall package is already worth slightly more than the 3 per cent limit imposed on the public sector by the Government.

The effect has been, if anything, to harden the attitudes of the striking railwaymen.

Union leaders believe the dispute could spread rapidly to other areas in the public sector. After years of being asked to make sacrifices in the interests of creating more jobs, they say, public sector workers are no longer prepared to see their pay packets fall any further in real terms.

But Mr Chirac's orders are that public sector wage bills should rise by only 2 per cent in 1987, including slippage linked to promotions and seniority, or 3 per cent if justified by productivity increases.

Besides SNCF, strikes have already begun in the coal mines and in the Paris public transport system and more action is threatened at Electricité de France and at the state munitions works.

"If the conflict were to last to the beginning of next year, we would risk having other conflicts joining that of the railwaymen. We would then be in an inextricable position which would quickly take on a very different political colour to what we are seeing today," said Mr Andre Bergeron, leader of the centrist trade union Force Ouvriere.

Chirac: under pressure as striking railwaymen harden their attitudes

For the railwaymen, the question of pay has now become tightly linked to the SNCF management's plan to reform the whole structure of pay scales on the railways. The strikers want the total withdrawal of the project, which aims to put more emphasis on merit and less on seniority.

The project has become as much a symbol as the Devaquet bill on the reform of the French higher education system was to the students, whose mass demonstrations earlier this month humbled the Government of Mr Jacques Chirac and offered a model to the railwaymen. Some analysts find an odd parallel between the students' opposition to selection for university courses and the railwaymen's rejection of a greater degree of merit-based promotion.

Mr Jean Dupuy, managing director of SNCF, has pinned his colours to the rejigging of the pay structure, which he regards as "healthy and fair."

"It is essential that the system of remuneration should take acount both of seniority and of merit. It is normal that employees who make an effort and who devote themselves to doing their work well should be rewarded for it by promotion," he said.

For the strikers, Mr Dupuy's proposals bring the threat of "subjective appreciation" and "completely arbitrary assessments."

The question of pay sales forms an integral part of the overall pay bargain at SNCF each year. Besides discussing the amount of any pay rise, management and trade unions agree on the number of promotions to be made.

Mr Dupuy's pay offer last week, accepted by a few minority trade unions but resoundingly rejected by the main national unions and by the independent train drivers' federation, included an increase in the number of promotions planned for 1987 from 3,000 to 5,000.

Under the existing system, SNCF railway workers are graded on 10 different levels, with four different indices on each level. Promotion from one level to the next may be made on the basis of an examination or on merit, but is most frequently made on seniority alone.

There is no overlap in pay between the different levels. The top index on one level earns less than the bottom index on the next level up.

The new system planned by the SNCF management would create eight "degrees of responsibility," each of which would in turn be subdivided into seven or eight different scales.

Movement from one scale to another would be achieved largely on merit and, unlike the old system of levels, pay at the top of one "degree of responsibility" could overlap with that at the bottom of the next degree up.

Opposition to the proposed new system remains solid.

"Promotion by seniority has always been the rule in the SNCF, and it is stupid to pretend that there is not already an element of merit in the pay scales," commented one senior trade union official.

The railwaymen's working conditions are also the subject of dispute, including the length of time they have to spend away from home and the quality of the hostels they stay in when work rosters take them away overnight. These are on the agenda of today's meeting between unions and SNCF management.

In the Paris public transport system, deadlock between management and trade unions is as fierce. A meeting yesterday broke up without any common ground whatsoever being found.

Mr Michael Rousselot, managing director of RATP, which runs the city's bus and metro systems, said that the pay talks would be difficult, given "budgetary constraints" and the "strict orders" of the Government.

He is only prepared to go as far as a 2.7 per cent package, of which 1.7 per cent is accounted for by seniority and technical slippage. This leaves him little margin for manoeuvre on an across-the-board pay rise.

Negotiation with RATP and SNCF managements is being left to the established trade unions, but there is a warning for them, too, in the creation at several major rail depots of independent co-ordinating committees—again close to the model adopted by the students earlier this month.

Italy to scrap most foreign exchange curbs

BY JOHN WYLES IN ROME

ITALY SHOULD have removed most of its remaining foreign exchange controls by the end of next year, Mr Giovanni Goria, Treasury Minister, said yesterday.

Although the final say on the matter is with the Minister for Foreign Trade, Mr Goria said he believed the necessary reforms would be passed "before the end of 1987."

On paper, Rome has maintained a formidable list of controls over foreign exchange transactions for the past 10 years. In practice, most have been steadily relaxed in line with changes being made in France, although capital movements still suffer considerable hindrances.

In September, the Italian parliament passed a law requiring the Government to move towards currency freedom. In response, the Bank of Italy has sent in the past few days what are bound to be influential draft recommendations to the Government.

These would change the basic administrative approach from "Everything is forbidden unless it is specifically allowed" to one of total freedom for a wide range of currency transactions unless specifically forbidden.

The purpose would be to remove all residual restrictions affecting activities which show up on the current account of the balance of payments such as trade financing and private expenditure abroad.

However, the bank wants to retain some controls over short-term, essentially speculative capital flows which could threaten currency stability. It has not spelled out its detailed thinking which will only emerge over the coming weeks.

Mr Goria also expressed concern yesterday about the current growth in Italian bank lending which has been rising at an annual rate of 12 per cent in the past quarter against an annual target of 7-8 per cent.

S Africa clamps down on black schools

THE SOUTH African Government issued new emergency regulations yesterday aimed at countering political unrest and alternative education courses in black schools, Reuter reports from Johannesburg.

The regulations, published in a special Government Gazette, enable the black education department to issue orders barring pupils from schools and banning any syllabus not approved by the Government.

The move is a sign of Pretoria's concern over proposals by black community groups to offer "People's Education" in black schools to replace government syllabuses which they see as designed to prolong white domination.

The department may also ban pupils from wearing clothing carrying slogans or badges of any specified organisation and may prevent the distribution of any pamphlets or posters.

The Government Gazette said the director-general of the Department of Education and Training may issue orders "for the purpose of the safety of the public, the maintenance of public order, or the termination of the state of emergency."

Penalties for disobeying an order are fines of Rand 4,000 (£1,250), or two years in prison.

The new regulations mark a further tightening of South Africa's six-month-old state of emergency.

Pretoria confirms airstrip plan

SOUTH AFRICA yesterday confirmed reports it planned to build an airstrip on Marion Island in the Antarctic. It ignored allegations that it was connected with nuclear missile tests, Reuter reports from Pretoria.

Mr John Wiley, Minister of Environment Affairs and Fisheries, said Pretoria was investigating the "ecological" effects of building an airstrip on the island, 1,200 miles south-east of Cape Town.

Mr Wiley, whose department is responsible for the island, said an airstrip would improve South Africa's control of the fishing zone around the island and enable it to gather more information on the area's fishing potential.

"Search and rescue operations necessitate that a thorough study be made of the possibility of providing a useable landing facility in the area," he said.

Newspaper reports said a proposed £4m runway would be capable of handling C-130 Hercules transport aircraft.

Mr Frank Barnaby, a British nuclear expert, was reported as saying the airstrip was "very likely to have military implications."

Mr Wiley said yesterday it was necessary to clarify the situation "as a result of confusing reports which have appeared in the media."

He said the idea of providing a landing strip on the island, with a view to facilitating the movement of personnel, had been canvassed for some time.

Venezuela's budget approved

BY JO MANN IN CARACAS

THE VENEZUELAN Congress has approved a revised 1987 budget at $21.2bn (£15bn), up from $17.2bn in the original budget.

The Government was obliged to present a revised budget following a series of economic measures announced by President Jaime Lusinchi earlier this month. Those measures will provide the Government with additional local currency revenues due to a partial devaluation of the bolivar. However, they also call for extra spending on government salaries and larger subsidies.

The largest government budget allocations next year will be made for education, public works, local and foreign debt repayment, defence and security, revenue sharing with state governments, health and social services, agriculture and environmental improvement.

Less than half of total revenues for 1987 are expected to come from oil taxes and royalties, which in the past have provided the Government with 60-70 per cent of its income. The Government said it would obtain just over $8bn this year from petroleum exports, down $4.4bn from last year. It is conservatively estimating oil export revenues for 1987 at around $8.4bn, up slightly from this year.

Central government spending for 1986 is estimated at more than $14.7bn.

US machine tool orders fall by 32%

By Lionel Barber in Washington

US MACHINE tool orders fell by 32 per cent last month, a drop likely to foreshadow the worst year for the industry since 1983.

Orders at US machine-tool plants fell in November to $132.7m (£94m), compared to $195.1m a year earlier. They were 26 per cent below the $180.2m level for orders in October this year.

Until mid-year, industry orders averaged $200m a month. But in the second half, as car manufacturers' demand fell, orders have averaged around $155m a month.

The US Commerce Department announced wide-ranging measures this month aimed at curbing imports of machine tools into the US. It struck voluntary export restraint agreements with Japan and Taiwan, and unilaterally imposed limits on Switzerland and West Germany.

In the light of the bleak November figures, total orders for 1986 are unlikely to be much more than $2bn, compared to $2.5bn in 1985 and almost $3bn in 1984.

Shipbuilding orders fall by 33%

The world's shipbuilding industry saw a 33 per cent fall in new orders in the first nine months of this year compared with the same period in 1985, the Organisation for Economic Co-operation and Development (OECD) said yesterday, Reuter reports from Paris.

A quarterly report from the OECD showed European countries hardest hit, with new orders received between January and September this year dropping to 499 from 1,870 in the first nine months of 1985.

New orders worldwide slumped to 5,009 vessels this year against 7,473 last year. Japan saw its new orders drop to 4,510 against 5,604 at the end of the third quarter of 1985.

Telecom sales

Siemens has no plans to respond to US authorities' moves to bar sales of telecommunications equipment by foreign suppliers and the row can be solved only at governmental level, a company spokesman said, Reuter reports from Munich.

His remarks came after the US Federal Communications Commission announced it was to start an inquiry into overseas companies' alleged blocking of free access to world telecommunications markets.

Beirut truce called

Lebanon's Shi'ite Moslem militia leader Nabih Berri said he had ordered an immediate ceasefire at Palestinian refugee camps in Beirut and South Lebanon, for the New Year, Reuter reports

French growth seen

French Gross Domestic Product (GDP) will continue to grow by around 2 per cent in 1987 while consumer prices will rise by an average 2.6 per cent, the private Institut de Prévisions Economiques et Financières said in its December review, Reuter reports from Paris.

Sri Lanka peace plan

Sri Lanka has proposed setting up a body to co-ordinate activities among autonomous provincial councils, in a bid to break a deadlock in peace talks aimed at ending the Tamil separatist war, Mr Ronnie De Mel, Finance and Planning Minister said, Reuter reports from Colombo.

Europe's big steelmakers look for ways to stem the tide of falling prices

BY NICK GARNETT

EUROPE'S large integrated steel producers are meeting in the next few days to try to agree some collective action to reverse the steep slide in prices which has taken place in many Continental markets during 1986.

Prices for most types of steel now range from 10 per cent to 25 per cent below target prices set by the main producers earlier in the year.

The 30 member companies of Eurofer, the "club" of big steel producers, attempted to introduce some price stability in the autumn by setting new price objectives and trying to stick to them. That move had only patchy results, and last month Eurofer producers effectively abandoned thoughts of raising target prices in the new year having failed to secure target prices set six months ago.

The recent statement by Mr Heinz Kriwet, chairman of Thyssen Stahl, that producers were close to reaching agreement on prices is seen by some other producers as an attempt to rally the steel industry and talk up the market.

The slide in prices which accelerated in the summer has been particularly marked in West Germany, as well as in France. In contrast, prices in the UK have remained much more stable.

Price instability in Europe is the result of several factors. The sharp decline in the value of the US dollar against the D-mark has reduced the buying-in costs of ore for West German producers, but as exports are priced in dollars it has also depressed revenues from West German export sales.

This has affected all European producing countries tied to the currency snake and steelmakers have attempted to some extent to cover the loss of this revenue by far more aggressive marketing within Europe.

In an attempt to hold on to their market shares within allotted EEC internal quotas, French and Belgian producers have been pricing aggressively in West Germany, and West German and Benelux producers have been doing the same in France.

Prices are also under pressure from third country producers which have significantly raised their penetration in Europe across several steel types including heavy section, some strip products and lighter long products.

This penetration has also affected the UK market but demand there has held up during the past six months better than on the Continent and prices have been much firmer.

The attempt in the autumn to agree that prices should be raised closer to already set target prices had some effect on cold rolled sheet but prices for plate—weakened by sliding demand from shipbuilding and the oil industries—and for hot rolled sheet continued to fall.

Steel producers, therefore, have also continued to attack the issue from other angles, including attempts to speed up European Commission moves on anti-dumping measures.

West German producers also sought a cut of 10 per cent in the new internal supply quotas for EEC producers which the Commission was proposing in November, again in an attempt to induce some price stability. The Commission eventually agreed this month a cut of 8.5 per cent in what it had originally proposed.

Underlying much of the problem of price instability is the continuing overcapacity in Europe of about 20m tonnes hot rolled production capability.

Eurofer members, which have suggested to the Commission that they would be willing to cut 12m tonnes capacity, are waiting for the first report from Peat Marwick, the chartered accountants commissioned to see whether such a proposal is feasible.

Peat Marwick has been trawling around producers to see what they might be prepared to contribute in such a scheme and its initial report is due in mid-January. Eurofer suggested the cuts in an attempt to head off further liberalisation of production quotas the Commission has been seeking from the beginning of 1988.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: R.A. Harper, Frankfurt/Main, Guiollettstrasse 54, 6000 Frankfurt am Main 1.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

OVERSEAS NEWS

Violence breaks out in Punjab as militant Sikhs call strike

BY K. K. SHARMA IN NEW DELHI

MANY TOWNS in the troubled state of Punjab were affected by a call for a 48-hour general strike by militant sikhs yesterday, when incidents of violence and arson occurred in areas where the extremists are active.

The strike call came from factions of the militant All India Sikh Students' Federation and was supported by such Sikh organisations as the Damdami Taksal, a seminary once headed by the late Sant Jarnail Singh Bhindranwale, the extremists leader slain in the army assault on the Golden Temple in Amritsar in June, 1984.

To forestall trouble, the Punjab Government cancelled all trains and buses in the state for 48 hours from Sunday midnight. This is said to have halted further violence, since the organisers of the strike had announced they would attempt to halt all public transport.

Attempts to sabotage rail tracks were reported from some parts of the state and violence and arson broke out in other parts as young Sikh extremists tried to force shops to close. In many towns, including the industrial centre of Jalandhar, all shops and factories stayed closed.

The strike call was made to protest against the death sentence passed on the assassins of the late Prime Minister, Mrs Indira Gandhi, and the continued detention of Sikh extremists in jails outside Punjab.

The response to the call shows not only the sympathy that Sikhs in Punjab have for the radicals' demand for an independent homeland for the religious community, but also the extent of the fear created by terrorists among the people of the state.

The strike was successful in many parts of Punjab in spite of many pre-emptive arrests by the authorities, who ordered patrolling of sensitive areas by police and paramilitary forces.

The situation is being watched closely by the central government which is greatly concerned at the renewal of terrorist violence and the control of key Sikh shrines by extremists recently.

'Black money' deals under fire

BY OUR NEW DELHI CORRESPONDENT

ALL DEALS in urban property in the four cities of Bombay, Madras, Calcutta and Delhi have been halted for the past fortnight, following use of special powers by the Indian Government against circulation of "black money" funds not declared for tax purposes.

The Government assumed these powers last February when the annual budget was presented to parliament. But it has just announced that it has started using them. Under these powers, the Government can purchase immovable property by paying 15 per cent more than the amount declared in the sale deed.

A fortnight ago, the Government announced it had used these powers to purchase 49 properties in the four metropolitan cities where such major deals are made. These were worth a total of Rupees 223m (£12m) and immediately, all sales of property being negotiated came to a standstill.

Yesterday, the Government announced it had bought another 19 properties worth Rs 139m, making clear it means to push ahead with its plans to check the use of "black money."

It has long been the practice in India that less than half the amount is declared in sale deeds when transfers of urban property take place. The remainder is paid in cash to the seller through use of "black money."

Since the Government has now started taking over property it believes has been undervalued, potential purchases of urban property stand to make heavy losses since the "black money" they have paid as part of the deal will be lost.

This has created panic among sellers and buyers, with the result that no transactions in urban property are now taking place in the four cities. The Government plans to use these powers in smaller cities and towns soon.

No accurate estimate is available of the amount of "black money" in circulation in India, but the Government believes it runs into hundreds of billions of rupees — a "parallel economy" which greatly distorts normal economic operations.

The Government has conducted a vigorous drive against economic offenders for the past 18 months, including raids by tax officials on offices and residences of prominent businessmen.

The campaign against "black money" in urban property transactions is part of this crackdown.

Big fall in Chinese oil earnings

By Robert Thomson in Peking

CHINA'S OIL export earnings this year fell by more than $3bn (£2.1bn) below the 1985 figure because of the slump in world oil prices and a reduction in export volume, according to Zheng Dunxun, president of the China National Chemicals Import and Export Corporation.

Before the slump in oil prices, the Chinese Government had selected oil as a key export which would help the country overcome a trade deficit that reached $14.7bn last year. However, the deficit should fall significantly because of tighter import controls and export growth in other areas.

The corporation, known as Sinochem, estimates that earnings this year will be about $3.8bn, down from $7.4bn in 1985, when there was a 35 per cent increase in China's crude oil exports.

Zheng told the official China Daily newspaper, that the price of Chinese crude fell by an average of 51.8 per cent this year.

Officials announced last February that there would be no growth in oil exports in 1986 "to help stabilise the world oil price." Zheng told the newspaper that, in the interests of assisting "Opec efforts" to halt the price fall, China imported a total of 2m tons of crude and refined oil from Iran, Kuwait and Indonesia.

The said no figure was available for the volume of exports so far this year, but the end-year volume would be significantly below last year's 15.1m tons.

However, diplomats say China has become more adept at playing world markets in the past year in numerous commodities, and the oil imports are more part of this strategy than acts of benevolence. They expect China to increase its market manoeuvres in the coming year.

Lee's son steps up in Singapore cabinet shuffle

By Steven B. Butler in Singapore

A CABINET reshuffle announced in Singapore yesterday has confirmed Brig-Gen Lee Hsian Loong, son of Mr Lee Kuan Yew, the Prime Minister, as Minister of Trade and Industry.

Although the appointment was expected, since Gen Lee was appointed acting minister in March, it is yet another step in his rapid rise to power. This has fuelled speculation that he will eventually succeed his father as prime minister.

Gen Lee was also concurrently appointed Second Minister for Defence.

Other changes include the appointment of Mr S. Dhanabalan, Minister of Foreign Affairs, to serve concurrently as Minister for National Development.

Mr Wong Kan Seng will become Minister for Community Development and Mr Lee Yock Suan, Labour Minister. Both were acting ministers.

Israel reduces duties on US and EEC imports

BY OUR JERUSALEM CORRESPONDENT

THE ISRAELI Treasury has announced that duties on imports from the European Community and the US would drop by an average of 60 per cent from January 1, under the terms of separate bilateral trade agreements.

Those products which will be affected most will be cars and consumer durables, whose prices will drop by as much as 20 per cent and 30 per cent, respectively. According to various estimates, these levy reductions will cost the state some $200m in foregone revenues.

The Treasury also took the opportunity to announce that it would cut purchase taxes on most imports, and that the purchase tax system would be simplified by consolidating the large number of import categories into five main groups.

Mr Yisrael Baron, the State Revenue Commissioner, said yesterday that he believed these steps would have only a "marginal effect" on local consumption and the balance of payments. The price decreases were not all that drastic, he said, and duties on Israeli exports to the EEC and the US would be lowered simultaneously. He expected the duty reductions to be reflected in a 1 per cent drop in the consumer price index within the next few months.

Both the Israeli Manufacturers' Association and the Histadrut, the giant labour federation, have sharply criticised the Treasury's unilateral decision to cut purchase taxes. The manufacturers called the move "anti-industry," saying it would hurt the competitiveness of local industry.

The Histadrut condemned the Treasury's decision to lower duties on luxury items, while advocating an economic reform programme which calls for cuts in tax exemptions for the elderly and the poor.

Marcos sued for $750m

A PHILIPPINES Government commission yesterday filed a $750m (£535m) suit against ex - President Ferdinand Marcos to recover properties in New York it said had been illegally acquired agencies report.

Mr Jovito Salonga, chairman of the Presidential Commission on Good Government (PCGG), said the commission had filed the suit with the Sandigan Bayan, a Philippines court handling cases of alleged corruption.

The move follows a decision by a US Court of Appeal to uphold a ruling by a lower court freezing dealings in the properties.

Mr Salonga said the properties included four buildings in Manhattan and an estate in Long Island, with an estimated gross value of $350m.

Gerald Bourke reports on Brazzaville's response to declining oil revenues

Congo joins queue for IMF loans

AT EVERY TURN along the traffic-choked streets of Brazzaville, Congo's steamy capital on the banks of the Zaire river, eye-catching slogans extol the virtue of "popular revolution".

But this self-professed Marxist-Leninist state, which once enjoyed an oil boom, has joined an increasing number of African countries which have turned to reforms prescribed by the International Monetary Fund (IMF) in order to cope with declining oil revenues and mounting internal and external debts.

In the first two years of the 1980s, the Government of Colonel Denis Sassou-Nguesso borrowed heavily at home and abroad in order to fund an ambitious public investment programme. But as income from oil exports – some 90 per cent of foreign exchange earnings – declined, so the cost of servicing the country's $1.5bn external debt rose, reaching 28 per cent of export earnings last year.

The Government's first response was to introduce, independently of the IMF, a set of austerity measures including the scaling down or shelving of capital projects and the introduction of tough credit ceilings.

By April this year, it was apparent that sterner stuff was required. The cabinet decided to halve the level of capital and current spending envisaged in the already revised 1986 budget. The 1987–92 development plan was abandoned, and an "interim investment plan" covering the next two years put in its place.

But Western creditors insisted on more fundamental policy changes. The Paris and London Clubs, owed some $200m in interest payments this year, have made short-term rescheduling conditional on the conclusion of a politically sensitive deal with the IMF.

In return for an SDR 22.4m ($27.1m) standy credit formally approved by the Fund in September, the Government, under the eye of an IMF monitoring mission which arrived in Brazzaville during the last week of October, has begun to set in motion a series of market-oriented reforms.

These include relaxing its grip on several dozen loss-making parastatals, (semi-state enterprises), the abolition of state marketing monopolies – including the powerful "Office Nationale du Commerce" – and substantial price increases for producers of coffee, cocoa and sugar.

The 75,000-strong civil service – which accounts for more than half of those in formal employment – is to be reduced, while salaries in both the public sector and parastatals will also be cut back.

A food self-sufficiency fund, financed by a 6 per cent deduction from all salaries, has been set up, and all but two national holidays – May Day and Independence Day – abolished .

Increases in the price of gas, water, electricity and public transport could spark off smouldering popular discontent, particularly in urban areas where the military regime draws, and provides, most support.

But Col Sassou-Nguesso, elected president of the Organisation of African Unity last July thanks largely to his mediation efforts in the Chad conflict, has been relatively successful thus far in exploiting his new role to divert domestic attention away from the Congo's economic ills.

Brazzaville, says the president, is now the "capital of Africa". Receptions for foreign statesmen, in town to discuss loftier issues of continental politics, saturate the local media.

His trips abroad, such as October's 10-day North American tour, are given an equally high-profile treatment. However, Col Sassou-Nguesso was deprived, at least temporarily, of a visit to Europe, due to begin on October 27, with three days in Britain, when it was postponed owing to the death of Mozambique's President Samora Machel.

The election of Jacques Chirac's right-wing government in France last March came at a difficult time for the Congo. The previous Socialist government had provided a batch of structural adjustment loans while President Mitterrand, before the elections, had promised to keep paying $22 a barrel for Congolese crude. In the event, the deal no longer holds. Moreover, the Chirac Government is widely considered to have been instrumental in pushing Col Sassou-Nguesso into an uncomfortable compromise with the IMF.

The French Premier's appointment of Jacques Foccart as his special adviser on African affairs also went down hard in Brazzaville. Foccart is a long-time ally of neighbouring Gabon, whose relations with Paris this year have improved as markedly as the Congo's have deteriorated.

Col Sassou-Nguesso might have expected that the appointment to the Justice Ministry of Albin Chalandon, a former president of Elf Aquitaine – which has traditionally lifted about 80 per cent of the Congo's oil – would temper Foccart's persuasiveness, but developments in recent months have given the lie to that belief.

Although oil production is likely to reach the 1985 level of 5.8m tonnes (114,000 barrels per day), double 1980 liftings, exploration and the development of new fields are being wound down.

Excessive dependence on oil sales – which at the height of the boom were providing half of GDP – led to the neglect of other sectors such as agriculture, forestry and fishing. Given the constraints on new investment, it will be some considerable time before the potential of alternative sources of income can be realised.

Col Sassou-Nguesso is therefore likely to continue concentrating on foreign politics rather than domestic economics – at least until the expiry of his OAU role next July.

UK NEWS

Year of half steps for law

A. H. Hermann analyses a year of mixed blessings for the legal profession

THIS WAS a watershed year, though little was achieved. Most English lawyers accept that theirs is not the best of legal systems. Even a member of the Lord Chancellor's staff returned from Germany "fascinated" and favourably impressed by the informality of the civil proceedings, the absence of long speeches and the attitude of the judges who look upon it as their failure if the parties do not reach a compromise and they have to proceed to judgment.

The year started with the Liberal-Social Democratic Party Alliance embracing the idea of a Ministry of Justice. This proposal sounds novel only in the UK context. The rest of the world knows that, like anything else, the machinery of justice has to be based on a coherent design, matching institutions, procedure, statutory drafting, interpretation of law and the working of the professions. However, Lord Hailsham, the Lord Chancellor, rejected the idea in strong terms.

But this was also the year when his department produced a series of valuable consultation papers designed to streamline procedure in the Commercial Court, for the adjudication of personal injuries claims and in respect of debt enforcement.

There was also talk about institutional changes. A Government white paper (policy document) outlined the possibility of unburdening the Crown Court by letting magistrates summarily decide a greater number of small offences. Unfortunately, the recognition that this would require more professionals in the magistrates' courts did not sink in. The most important novelty of the year was the establishment of the prosecution service, but it is understaffed and half-hearted, remaining under the thumb of the police. It often gets papers too late and does not even aspire to interview the accused.

Another important institutional change, the establishment of a family court – promoted by the Law Society and opposed by the Bar – has been rejected by Lord Hailsham. The idea may have to wait until it is recognised that UK courts will need to specialise far more once they are made accessible to people who do not benefit from legal aid. There will be a need for financial courts, administrative courts and business courts in addition to the family courts.

The discussion concerning the selection and appointment of judges was revived by the Alliance proposal which envisaged a judicial commission, and by a few individual complaints against the working of the present system, as well as by its defence by the Lord Chancellor's department. This debate centred mainly on how the Lord Chancellor operates the present system.

The real issue, however, is whether the system is capable of producing satisfactory results as long as summary justice is dispensed by lay judges and High Court judges are recruited only from barristers approaching the end of their careers.

The inadequacy of this system was reflected this year also in the failure of the House of Lords to provide consistent guidance on the method to be used for the interpretation of common law and of statutes. Some of the fundamental principles of English law were sacrificed to short-term expediency in such varied fields as copyright, foreign nationalisation and the prosecution of drug offences.

The insistence of judges on literal interpretation of statutes is repeatedly cited as explaining the need for pedantic and obscure statutory drafting; and in their turn judges continue to be confused and angered by obscurities and ambiguities in the statutes and to produce "with regret" judgments which they know to be both unfair and impractical. Thus, for example, they punish the insured by declaring that the insurance policies of unauthorised insurers are invalid.

The year brought a crop of interesting law reform proposals on the admissibility of evidence of what contracting parties said when concluding a contract, on the removal of the pawnbrokers' rule that movable objects can serve as security for debts only if in the physical possession of the creditor, and on the powers of company directors.

The Financial Services Act came on the statute book and the Banking Bill was introduced. Further development of the law pertaining to securities is almost certain after the Court of Appeal decision that the Takeover Panel is subject to judicial review. It seems that, in time, the situation may be not too different from that in the US.

Before the courts and practice sort it out, the only certainty about the Financial Services Act is that no one knows exactly what it is supposed to mean. It introduces stiff penalties, but falls short of full statutory supervision of the City on the model of the SEC, since it excludes Lloyd's from its impact. That is typical of this year of half steps and half measures.

The Government accepted most the Boskill Committee recommendations on fraud trials, except the crucial one on the replacement of a jury by a specialised tribunal. It produced a consumer protection bill including non-negligent product liability, but opened the back door to negligence and interminable litigation by the exclusion of development risks; it enacted a Latent Damage Act leaving the law as confused and unsatisfactory as before.

The economic pressures which solicitors were prepared for after the ending of the conveyancing (legal transfer of property) monopoly stirred the Law Society to greater activity. It reformed its complaints procedure, but not enough to enable dissatisfied clients to settle disputes with their solicitors out of court unless the latter agreed to arbitration. Towards the end of the year, the Law Society removed most of the remaining restrictions on advertising and held out the prospect that it would soon approve co-operative ventures among estate agents, accountants and its members.

Like the retail trade, the legal profession is moving inexorably towards a client-oriented multi-professional future. *Sotto voce*, solicitors claimed a modest extension of their right to appear in the higher courts, but this was successfully opposed by the Bar, with the backing of the Lord Chancellor. The Bar itself made a small concession to the spirit of the time by introducing an arbitration service. Many of its younger members feel that they could do better in a fused profession with direct access to clients, or in the comfort of a solicitor's office.

There was a radical switch in competition policy; from legal to economic yardsticks, first in the US and then in the UK and German. Only the EEC Commission and the European Court, self-centred as always, continue in the old ways.

Relaxed guidelines on joint ventures were promised, but the papers circulated so far are neither relaxed nor do they provide guidance. The European Court's declaration in the Pronuptia case – that franchising agreements fall under the prohibition of Article 85 – deserves an award for the judgment of the year most detrimental to business. In due course, the EEC Commission will produce franchising guidelines or a block exemption to try to put things right but, going by past experience, it will probably make them worse.

The Court did, however, move forward by declaring air transport was subject to EEC competition rules. But it proved rather half-hearted in the insurance judgments on which the UK put so much hope. It left it open to member states to impose additional requirements on insurers who are already authorised in their home country and it avoided a decision on high co-insurance thresholds.

Finally, for the sake of the record, one must mention the Single Act. It is neither single nor an act, but a revision of the European Treaties. A passionate discussion is raging on the Continent (but not in the UK) between those who think that it will promote integration of the Common Market and those who think it will open the gates to new protection by member states. Unable to agree, the politicians have adopted a text which means anything to anybody.

To sum up, more things were attempted in the field of business law in the course of this year than in the past decade. Some of the projects were completed, though it is not very certain where they will lead.

Pit output outstrips demand

By Charles Leadbeater and Max Wilkinson

MINING PRODUCTIVITY rose to a fresh peak in October, but a rapid rise in coal stocks is likely to present the Government with a problem in the new year.

Coal consumption has been falling and stocks threaten to reach the peak levels of 1983. This would be much higher than could be justified economically.

British Coal, therefore, has to decide whether it can continue to reduce its labour force at a rate comparable to that achieved this year when some 30,000 jobs were lost. Next year, however, redundancy terms are likely to be less generous.

Latest Department of Energy figures show that miners have been producing so much more coal per head that output is running embarrassingly ahead of demand. Overall productivity per manshift in October is estimated to have reached 3.48 tonnes which is 8 per cent better than the previous months, 23 per cent up on the same month of 1985 and 46 per cent better than the comparable figure for 1981.

Coal stocks have been rising at a rate of about 1m tonnes a month since April. This partly reflects the normal pattern of summer re-stocking, but total October stocks of 30.47m tonnes are 4m tonnes more than at the same time a year ago.

Much of the more intensive working has resulted from a reduction in the number of coalfaces in production. Only 4.5 per cent of the increased productivity has come from the closure of uneconomic capacity.

Guinness ends drinks lawsuit after pledge by US importers

BY NIKKI TAIT

GUINNESS, the UK brewing and leisure group, has terminated its lawsuit against various US drinks importers, after winning assurances that they will refrain from bringing certain Guinness products into the US.

The case was started two months ago in the US district court of Minnesota by Distillers Somerset, the US distribution subsidiary.

Guinness claimed that attempts by certain companies to import various Guinness brands was contary to Minnesota law – which only allows authorised importers to register alchohol brands for distribution within the state. Somerset itself is authorised to import Johnnie Walker scotch and Tanqueray gin.

Yesterday, Guinness announced that it had reached a settlement with two companies – Schenk and its affiliates and Minnesota-based Paul Scott Inc. – under which they have agreed to refrain from importing Somerset products into the US, Guinness added that Somerset had not sought monetary damages against the defendants because of long-standing relationships with the Minnesota wholesalers which had contracted to buy the goods.

"Parallel" or "grey market" trading – whereby importers by-pass the recognised local distribution arrangements – has increased in the US over the past year.

Call for Government to sell postal business

BY DAVID THOMAS

THE GOVERNMENT should split up and sell the Post Office, having first removed the corporation's monopoly over the carriage of letters, according to a new pamphlet from the right-wing Centre for Policy Studies (CPS).

Ministers have been noticeably cautious in talking about the privatisation of the Post Office, unlike most other public corporations. Postal unions, however have claimed that moves approved by the Government, especially the division of the postal operations into the three separate businesses of letters, parcels and counters, are a prelude to privatisation.

The pamphlet is likely to rekindle that controversy, because it says that Government policy towards the Post Office has made it easier for the Post Office to be privatised. It acknowledges that there is no example elsewhere in the world of a complete private and deregulated postal system, but argues that privatisation would make a profitable service even more efficient.

Sir Ron Dearing, chairman of the Post Office, said he was unaware of any plans to sell the postal business, but if one were made "the better course should be to keep the business as a whole."

The pamphlet accepts that uniform postal charges across the whole country would probably cease under any privatisation

Privatising the Post, by Robert Albon. Centre for Policy Studies, 8 Wilfred Street, London SW1E 6PL; £3.90.

UK NEWS

Banks to sue 22 states over Tin Council debts

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THREE banks have issued High Court writs against the 22 member states of the International Tin Council, and the EEC Commission, to recover money lent to the ITC.

The writs, by Australia and New Zealand Banking Group, Kleinwort Benson and Arbuthnot Latham, claiming respectively £4.46m, £8.47m and £2.33m, are the latest attempts by creditors of the ITC to establish that member states are legally liable for the council's debts.

The EEC Commission, sued as representing the EEC, has been made a party to the actions because the EEC countries that are also ITC members speak with one voice in the ITC.

Other bank creditors are likely to follow suit and issue similar writs. Maclaine Watson, a London Metal Exchange trader with a £6m judgment against the ITC, has indicated that it, too, intends taking direct legal action against the member states. *Maclaine Watson is also* seeking the appointment by the court of a receiver of those assets of the ITC represented by its right to be indemnified by, or receive contributions from, the member states in respect of its debts.

The first indication of the legal position of member states will come next month when a High Court judge rules on the ITC's attempt to have struck out a winding-up petition brought against it by another LME trader, Amalgamated Metal Trading, a subsidiary of Preussag, the West German metals group.

In the court hearing before Christmas, the ITC argued that it was an international organisation immune from English court proceedings. Amalgamated Metal Trading's petition asserts that the member states are liable for the ITC's debts.

In its writ, issued shortly before Christmas, Australia and New Zealand Banking Group is claiming £4.46m against each defendant on one of three alternative bases: as members of the ITC, as members participating in the operations of the ITC, or as principals on whose behalf the ITC contracted.

The claim is made against the defendants jointly and severally – "alternatively severally in the proportions determined" in an inquiry also sought in the writ.

Alternatively; ANZ claims against each defendant damages for breach of implied contracts collateral to the loan contract.

ANZ's writ also makes two further alternative claims. The first, against all the defendants except the EEC, is for damages for negligence and/or negligent misrepresentation "in and about the defendants' conduct of the affairs of the ITC as a result of which (ANZ) advanced money to the ITC and has been unable to recover the sums due."

The second, against Australia alone, is for damages for negligent misrepresentation "in giving advice and information to (ANZ) as to the affairs of the ITC in or about June 1983, November 1983, June 1984 and June 1985."

The Kleinwort Benson and Arbuthnot Latham writs are in similar terms, though without the alternative claim against Australia.

The defandants in each action are: Australia, Belgium and Luxembourg (both of whom act through the Belgian Government), Canada, Denmark, the EEC Commission (representing the EEC), Finland, France, Germany, Greece, India, Indonesia, Ireland, Italy, Japan, Malaysia, the Netherlands, Nigeria, Norway, Sweden, Switzerland, Thailand, the Department of Trade and Industry (representing the UK), and Zaire.

Car groups usher in new year price rises

By John Griffiths

PRICES OF Czech-built Skoda cars are to go up from January 1 by an average of 3.5 per cent. It is part of a general round of new year price increases.

Ford's prices are going up by the same percentage on the same day, while Audi and Volkswagen prices are to increase by an average of just under 3 per cent from midnight tonight.

However, this is Skoda's first significant price increase since 1984. So in reality it is well below those being applied by Western and Japanese importers to compensate for the declining value of sterling, and even those of UK-based producers.

Some importers have already increased their prices by 15 per cent during the past 12 months, while Mr Paul Layzell, managing director of BMW(GB) has given a warning that a further 20 per cent increase would probably be needed in 1987 to offset currency movements.

Audi/Volkswagen, the Lonrho-owned importer which admits to having had "a lot of support" from the West German manufacturer to absorb currency shifts, increased its prices by a total of 13.8 per cent in 1986, including the latest rise.

Toyota (GB), the Inchcape-owned Japanese car importer, raised prices by 11 per cent during the year and *is imposing* a 5.5 per cent increase on January 1.

Ford's increase follows one of 3.7 per cent in August, making a total for the year of around 7.3 per cent.

Kenneth Gooding writes: Jaguar, the luxury car maker, produced a record 41,437 cars this year, an 8 per cent increase on 1985. It expects to lift its output to about 48,000 cars next year.

The total for 1986 included 32,385 saloons and 9,052 XJS sports cars and was achieved in spite of the changeover to the production of the new XJ40 range of which 4,000 cars were made this year. About 80 per cent of output this year was exported.

Developers are braced for London third airport fight, says **Andrew Taylor**

Builders eye Stansted's lush acres

FRESHLY DUG earth lies piled high in great banks along the £4m road which has been cut to where the new airport terminal will stand. The foundations of the building, with a floor area the size of seven football pitches, are now being laid.

The scene is Stansted airport, a commercial airfield, built in 1942 35 miles north west of London as a US bomber base. It was chosen by the British Government in June 1985, after a bitter planning battle, to house London's third airport.

By 1991 the airport's terminal will be capable of handling up to 8m passengers a year compared with 500,000 passengers a year now. More planning battles appear to be looming in the wings, however.

Beyond the great 10,000 ft runway, extended in the 1950s to accommodate long-range nuclear bombers, lies some of the best agricultural land in the UK. It is upon this that the covetous gaze of commercial developers will now concentrate.

Expansionary pressures in this part of the south-east of England were already mounting even before the Government took its decision. The completion of London's recently completed orbital motorway has fuelled development interest in the region.

Schemes such as Stansted, the development of London's docklands to the south and the construction of a bridge at Dartford over the river Thames will improve communications and add to the attractions of the region as a place to live and work.

According to local estate agents demand for homes has pushed up house prices by around 20 per cent in the last year.

They say demand from large retailers, developers and investment institutions for sites has still to reflect plans to increase the airport's capacity.

Stansted and the surrounding area, with its large open fields, modern farms and winding country lanes linking the tiny villages with their 15th and 16th century cottages, is the essence of rural England. But will it be able to cope with the growth in population and job opportunities that is likely to arise during the next decade?

The experience of airport developments worldwide suggests that the area, whether it likes it or not, will become a magnet for industrial and commercial development that could radically alter its fabric and appearance; in the same way that areas around Heathrow and Gatwick, the home of London's first two airports, have expanded and changed over the last two or three decades.

Developments such as the Charles de Gaulle airport on the outskirts of Paris and the Dallas/Fort Worth and Hartsfield airports in Texas and Atlanta, Georgia, in the US, have similarly acted as catalysts for economic growth, just as the railways brought prosperity to cities and towns in Victorian England.

The new Stansted terminal, however, will have the capacity to handle up to 15m passengers a year although it will require parliamentary approval to go beyond the first phase target of 7m to 8m passengers a year. Gatwick and Heathrow in the 12 months to the end of October handled 16m and 30m passengers, respectively.

It is estimated that 4,000 homes will have to be built during the next decade to accommodate the airport's expansion.

Mr Tony Mullucks, an estate agent in the district, said: "We have hardly started to experience the kind of development pressures the airport expansion is likely to bring. So far, demand is mostly coming from housebuilders and from major retailers. But I am absolutely certain that the pressures will grow and there will be more planning battles to come."

A whiff of scandal at Gorgonzola Hall

BY NICK BUNKER

THERE WERE tape-worms, wire-worms, orchids, shunters, stale bears and stags. They did their business in Gorgonzola Hall (otherwise known as "the House that Cole built"), and when they made a big profit, they called it a "rasper".

On occasion, their luck was bad, and they made "a back-handed turn." Sometimes, they suffered a bout of collective madness; such was the "railway mania" of 1845, or the Peruvian Hoax of the 1880s.

Not that they did not know how to have fun. One way to unwind was a rugby match against Lloyd's of London in 1870.

These strange sporting beasts are less exotic than they might seem. The key to their identity can be found in a book recently reprinted by Abbey Unit Trust Managers, the fund management company, and sent to clients as a Christmas gift.

The book is a collection of cartoons, poems, jokes and stories about the 19th century stock exchange and its members. It is called House Scraps, and was first published in 1887. Mr Nigel Triptree, Abbey Unit Trust's sales manager, decided to reprint the book after receiving a copy from an old stockbroking friend.

The book is written in Victorian brokers' and jobbers' slang – a rich vernacular in its own right – and depicts a world not too different, in human terms, from today's securities markets.

Wire-worms, for instance, were men who collected prices to be wired to provincial clients – while tape-worms sent them out on the telegraph tape. Orchids were stock exchange members with a hereditary title.

The exchange's new building of 1884, designed by J. J. Cole, was nick-named Gorgonzola Hall because its blue-veined marble walls resemble the cheese. It had as many bugs as the present stock exchange computers on Big Bang day in November. Open fires had been done away with and central heating installed; but it failed to work in winter.

"The draughts were very bad, many members were laid up in consequence," says House Scraps. "Many men wore thick overcoats all day, and even then were compelled to jump about. Others used to run round the building."

One common practise was stagging – where investors apply for big stakes in a new share issue in the hope of quick profits. "The Stags Staggered" ran a headline in the satirical magazine Punch for October 4 1845, at the height of the speculative boom in railway company stocks. "In consequence of the tremendous rush of stags into Capel Court, a rail is to be erected to keep them off, by the authorities," said Punch.

Victorian stags were adept at making multiple share applications (just as their descendants were with British Telecom). Punch joked about "Tom Stag, a retired thimblerigger", who applied for shares in the name of Major General Victor Wellesly Delancy, quoting as referees the Duke of Wellington and Sir Robert Peel.

Insider dealing is not recorded in House Scraps. There were other types of chicanery, involving alleged leaks from the Government. The exchange received one day in the 1880s a letter on official notepaper "purporting to come from Mr Gladstone's private secretary, and stating that negotiations had been successfully arranged with the Chilean government respecting the claims of the Peruvian bondholders.

"No sooner was the letter posted on one of the notice boards, than Perus began to rise. But the rise was of short duration. On inquiry it was discovered the whole affair was a fraud."

Scandals like that led to Government inquiries, such as the Royal Commission on the stock exchange of 1878 (the Victorian equivalent of Professor Gower's reports on investor protection). They also brought down on the City the wrath of Whitehall and Westminster. Lord Chatham was once heard to call stockjobbers "the cannibals of Change Alley."

That was putting it mildly. House Scraps quotes an anonymous writer of 1715 who described jobbing as "a complete system of knavery, founded in fraud, born of deceit and nourished by trick, cheat, wheedle, forgeries, falsehoods and all sorts of delusions; coining false news, whispering imaginary terrors, and preying upon those they have elevated or depressed."

Lloyd's, by the way, won the rugby match.

MANAGEMENT: Small Business

EDITED BY CHRISTOPHER LORENZ

Entrepreneurs

Rags to riches—fact or fiction?

Charles Leadbeater reports on a study into winning characteristics

JACK RAGS arrived at London docks in the spring of 1914, the four-year-old son of Hungarian Jewish parents fleeing from poverty and religious repression. He had just five years in the English education system before taking the first steps in a business career that would take him to the top of the pile: at nine he started helping his mother in a sweatshop in London's East End.

At 16 Jack invested in his first capital equipment: a barrow to move furniture from local house clearances to city dealers. It was the start of a healthy furniture business. Through contacts he built up in the NAAFI during the Second World War he laid the basis for the dramatic growth of his business, tapping the rising demand for cheap, practical utility furniture.

Three decades later Jack basked in the reflections of his prosperity: houses in the country, friends in high places, sons at Harrow, and a stack of press cuttings much admired by his aged mother upon his visits to the East End in one of his several "rollers."

But then crisis set in. Overstretched and under-managed, the management consultants Jack despised recommended he accept a takeover offer and a more limited role.

Aged 65 Jack turned to charity, sitting on government commissions, and lecturing. Three years later he retired to his country estate to pursue his passion for horses.

Following his advice, his sons steered clear of business; one became an accountant, the other an academic.

The typical British entrepreneur? Of course it is a total fiction, but this kind of mythical figure exerts a powerful pull over the public's view of the entrepreneur.

Jack's story brings together the two achievements of classic entrepreneurs which legitimise their activities: social mobility ("anyone can make it"), and enhanced economic efficiency, won through reco-ordinating resources to raise productivity.

It combines other "key" entrepreneurial characteristics: the poverty of the family, from a religious minority, founding rather than managing a business, the sons departing for the respectability of the professions.

One of the first attempts to find out how far this image is based on reality has been made by Catherine Shaw, a researcher at the London School of Economics' Business History Unit. She has analysed information on the backgrounds of 188 business leaders drawn at random from the first five volumes of the Dictionary of Business Biography.

The analysis defines an entrepreneur quite broadly. It includes company proprietors, chairmen, chief executives, and managing directors. The men studied were mainly born in the 19th century, though some were born in the century before. Nevertheless, the work of many has had an impact on today's business world.

Backgrounds

The first part of the Jack Rags story that Shaw tests is whether entrepreneurs generally rose from disadvantaged backgrounds. Using information about their father's occupation, recorded in the dictionary from birth certificates, she found that 60 per cent of the business leaders were likely to have come from relatively affluent backgrounds. They were in the highest of four social groups Shaw used for the analysis, "sons of owners, partners or directors of manufacturing companies, bankers or landowners." Only one per cent of the sample had fathers who were unskilled or semi-skilled workers.

One of these, Sir Enoch Hill, the son of a silk worker, left school aged eight to work in the industry. A crucial step in Sir Enoch's career was his marriage to the neice of the secretary of the Leek United Building Society, before going on to build the Halifax into the largest in the country.

At the other end of the social scale the sample includes William Legge, the sixth Earl of Dartmouth, who according to his biographer "typified the passive coal and urban property proprietor of the late nineteenth century."

Only 3.7 per cent of the entrepreneurs were immigrants who had no previous connection with the UK. None of these was the classic Jack Rags style penniless immigrant who built up a business through sheer hard work. Among the sample, for instance, is David Gestetner, who had already run an office machinery business in the United States, having left Csorna, Hungary some years before.

Reflecting the preponderance of entrepeneurs from families which were likely to be quite wealthy, almost 55 per cent of the business leaders went to public or fee-paying independent schools.

Of the 16 who only went to primary or elementary school, half came from the families of skilled or unskilled workers, while three came from wealthy backgrounds.

Schooling did not materially affect the sector the businessmen entered. For instance 24 per cent of those who made their names in the financial sector went to a major public school, but 19 per cent of financial entrepreneurs had no education beyond elementary school. One of these was Sir Edward Holden who as general manager and managing director of the Midland Bank did much to build it into one of the big five clearing banks.

Unfortunately the limitations of the original biographies mean that Shaw can say very little about how the content of education affected these entrepreneurs' careers.

If this small sample is representative of the thousands of careers recorded in the biographies, it seems that any anti-business ethos at university can have had only a limited effect on the outlook of the business elite.

Only a third of the entrepreneurs had any further education.

The most popular universities were Oxford and Cambridge.

In contrast to the mythical Jack Rags, about 30 per cent started in the family firm, a third started in firms with which they had no connection, and most of the others started through apprenticeships or gaining professional qualifications. After 1900, fewer entrepreneurs started work in distinctively family businesses, Shaw reports.

However most rose rapidly in their first few years at work. A half gained their first position of major responsibility in their 20s (John Bagnall, for instance, started managing his family's iron foundry at the age of 19), and 80 per cent had become partners, directors, or senior managers by the time they were 40.

Those from the top social group rose more quickly than the rest: about 60 per cent gained major responsibilities in their 20s. Almost 80 per cent of the business leaders retained close contact with the company in which they gained their first position of responsibility.

Shaw's analysis does suggest that Jack's religious background may be more fact than myth. While most of the entrepreneurs were Anglicans, the proportion of non-conformists and Jews in the sample is much greater than in the population as a whole for any of the periods covered by the analysis.

Some of Shaw's most interesting findings are on whether the entrepreneurs were business founders, inheritors, or managers. As the 19th century rolled on, the number of founders declined, while non-owning managers grew.

The decline in the proportion of founders reflects the way that mergers created companies requiring managerial skills and capital investment beyond the scope of individuals, says Shaw.

Across the sample as a whole, each of these groups accounted for a third of the entrepreneurs. But the group of entrepreneurs from privileged backgrounds were much more likely to inherit a business (47 per cent) than manage (30 per cent) or found (23 per cent). The main groups which show a strong inclination to found new businesses are the sons of clerks, salesmen, self-employed craftsmen, or skilled workers—over 50 per cent of entrepreneurs from these backgrounds founded their businesses.

Only 4 per cent of those who went to a major public school founded the business that made them famous. Only one business founder, Charles Rolls, went to Oxbridge.

Finally what of Jack's sons who showed little willingness to take up the torch of enterprise? Shaw found that only half of the sons of the entrepreneurs followed their fathers into business.

The main truths in Jack's tale are: the influence of ethnicity, encouraging non-professional routes to advancement; the fair likelihood of a limited education, and the even chance that sons would not go into business.

Shaw's analysis suggests that the main myth in Jack Rag's story is his social background: few British entrepreneurs were poor immigrants, most were the sons of wealth.

Perhaps the most telling lesson for British business comes from one of Shaw's remarks: "The recruitment of business leaders from one social class or a narrow social strata is an ominous symptom. It suggests that society is failing to utilise its total reservoir of ability."

Contemporary, not trendy

Peter Marsh reports on the search for a company name

NEW, high-technology companies frequently miss a good opportunity for expanding their businesses—by failing to think up a good name for themselves.

That claim is made by Elizabeth Campbell, managing director of NameBreak, a consultancy which specialises in devising names for new products and companies. Her advice to new firms is: "If you need a new name, think carefully about it. Don't just use anything."

Tom Blackett, director of Novamark, another consultancy, says that many of the names chosen for high-tech concerns are "boring" and some are "appalling." "The average entrepreneur in a high-technology company is more likely to be an engineer than a marketing person," says Blackett. "They normally end up selecting commonplace names."

For virtually any new company, not just high-tech concerns, the choice of name is likely to be important. According to David Molian, planning director for brand naming at the Michael Peters Group, a UK design consultancy, firms will normally want a name that is familiar and distinctive and also makes the company appear credible.

Many technology-based companies also try to choose names with a glamorous, modern-sounding ring. Unfortunately, these names are frequently dreary. Words containing "tech" (or a derivative) or "micro" are among the favourites.

Hence the run of small UK companies with names like Camtec, Entec, Ketek, Eltek, Logitech, Altek, Fermentech, Electrotech, Dietech, Metec, Mintech, Iontech—and, almost as uninterestingly, Microshade, Microplants, Microscope, Microfab, Microvitec, Microcode and Micro Control. At least Technaway and U-Micro broke new ground by putting the offending "tech" or "micro" at the opposite ends of the names from where they are normally found.

Some high-tech entrepreneurs reach for their Latin or Greek dictionaries. Thus we find Mnemos, a company name which borrows mnemon, Greek for mindful. The company sells laser-disc systems, which use a lot of memory. Geddit? Other examples are Meta Machines, Lucidata and Orcina. For non-classical scholars who can't work out what Orcina does for a living, orca is Latin for whale and the company specialises in underwater engineering.

A trend in recent years is to name high-tech companies after rivers, especially little known ones, a move which perhaps emphasises the clean, pastoral nature of many science-based businesses. Examples are Duddon Electronics, Arun Electronics, Dart Business Systems, Blyth Software and Deben Electronics.

If all else fails, you can always make a play on your own name or that of a relative. Hence Robary is a computer firm set up by Bob Tonks and Barry Morgan; Conway Godfrey called his electronics company Waycon; Frank Grunfield chose Nima (his middle name spelt backwards) when he got stuck deciding what to call his new company, which makes equipment for physics labs. "If your parents give you a daft name, what do you do with it?" asks Grunfield.

Sad to relate, few of these attempts win much praise from the professionals. Latin or Greek names are "too obscure," according to David Molian of the Michael Peters Group. Borrowing personal names is "almost certainly missing a trick," says NameBreak's Campbell, while Blackett of Novamark says that names of rivers give the impression that the company is a "low-rent outfit" that is going nowhere.

Blackett is hardly less disparaging about one of the more imaginative attempts. Clarinet is a new electronics concern, whose founder, Steve Scholefield, went to a lot of trouble thinking up the name. He ran through 1,000 names on his computer before plumping for Clarinet — "because of its association with youthfulness and creativity." But according to Blackett, the name is too obscure and, as a result, appears "utterly mad."

There is probably more to be said for a couple of other recent efforts. In the case of Horizon Instruments, a scientific instruments firm, Tom Ottley, the founder, says he struggled with about 40 "quite clever" possibilities before making the final selection. Horizon, he says, is simple to remember and also produces the vague association that the company is ahead of others. April Computing Executive emerged in the registry of companies mainly because Julio Faria, the managing director, liked the ACE acronym and also because he wanted the name to appear near the front of business directories.

Molian favours companies trying to make their names fit in with a logo for letterheads and advertising material, something which April has done with a motif emphasising a plant growing around the ACE letters. And Campbell likes "friendly, everyday words. You need to be contemporary but not trendy in a way that the company appears quickly to go out of date."

Asked for a personal favourite, Blackett thinks the naming of Apple, the Californian computer company, was a master stroke because of its accent on "user friendliness." But having seen the trend start, companies would be ill-advised to follow it too slavishly because of the risk of appearing hackneyed. Hence he thinks the "fruit root" probably ended with Apricot, the UK computer firm. Blackett is reluctant to talk about any of his other ideas because, he says, he normally charges people for the information.

In brief...

LAST TUESDAY'S reference to Binder Hamlyn's new booklet on incentive schemes gave the accountants' telephone number as 01-583 0031. This should have been 01-353 3020.

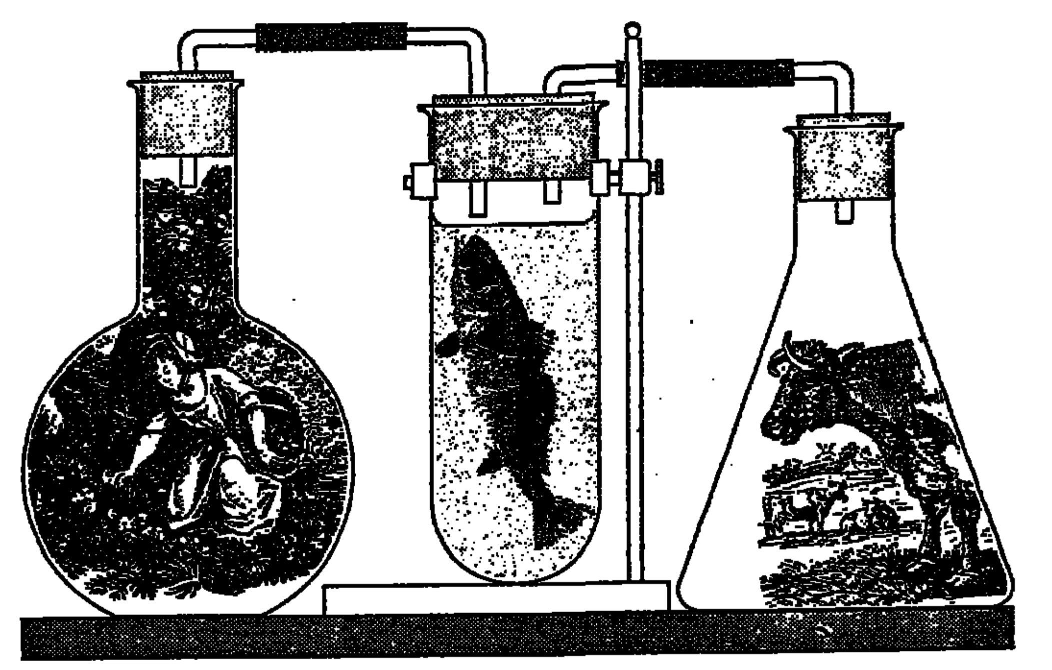
●

A CONFERENCE on "Predicting Success and Failure" is to be held in London on March 2 aimed at bankers, venture capitalists, accountants, local authorities, civil servants and businessmen. Addressing the likely performance of small firms, speakers will set out to identify, first, the characteristics of small firms likely to fail within three years and, second, the characteristics of small firms likely to exhibit substantial growth. The fee is £160, plus VAT, or £140 plus VAT if cheques are received by February 1. Further details from Public Issue Conferences, PO Box 96, Walton-on-Thames, Surrey KT12 1JG, telephone 0932 246496.

TECHNOLOGY

Drug companies change the nature of medical research

Peter Marsh reports on advances in alternative forms of health treatment



A NEW range of chemicals which could play a key role in treating cancer is under evaluation by a team of British scientists. The chemicals are synthetic versions of porphyrins, natural substances found in blood and chlorophyll, which destroy tumours by releasing poisons.

According to Dr Charles Stewart, medical director of Efamol, a British company promoting the technique, the treatment could ultimately be used for between a third and a half of all cancer patients and become as commonplace as radiotherapy. In Britain, roughly 1.5m people, or 3 per cent of the population, have cancer.

In the US, Johnson and Johnson, the healthcare company, is also involved in developing the treatment, which is called phototherapy.

For more than a decade, doctors have experimented with the treatment, which is based on a mixture of porphyrins called haematoporphryin deriviative (HPD). This, which is obtained from the blood of oxen or other animals, is injected into the human body, whereupon it lodges in or near tumours. Light from a laser changes the HPD chemically, producing substances which destroy the malignant tissue.

Phototherapy could "become a useful tool" in treating cancer, according to Ms Elizabeth Skinner, education secretary of the UK Cancer Research Campaign. She cautions, however, that, although results have been promising, work in using the technique is still at an early stage.

Progress with phototherapy has been held up in recent years, mainly because of the unsatisfactory nature of HPD. The substance is difficult to make, its detailed composition is unknown and, most crucially, its selectivity in residing in tumours as opposed to ordinary tissue is relatively low.

Researchers at the Department of Chemistry at Queen Mary College, in London, together with the Department of Experimental Pathology at St Mary's Hospital, also in London, are working with synthetic materials which behave like HPD but which are far more useful in phototherapy. The new substances, produced by mixing up organic chemicals such as aldehydes in a laboratory, have a selectivity 30 times better than HPD, the researchers claim.

Dr Morris Berenbaum, of St Mary's Hospital, says he hopes clinical trials with the new substances can start in about a year. For the moment, the medical team is experimenting with the materials on animals. The substances, called tetra-hydroxyphenyl porphyrins, arose out of chemistry studies under Professor Ray Bonnett at Queen Mary college.

In phototherapy light from a dye laser driven by a copper vapour laser is focused on the site of the malignancy. The laser light has to be at a specific wavelength, around 650 nanometers (1,000-millionth of a metre), which causes the porphyrin compound to decompose, releasing the poison. The latter is thought to be a form of high-energy oxygen molecules which have a disruptive effect on cell membranes.

One of the most useful aspects to phototherapy is that the light, from a source such as a copper-vapour laser, can be beamed to the site of the tumour, in the brain or lungs for example, by an optical fibre. Oxford Lasers, a company in Oxford, is among the leaders in producing such laser devices.

The research at St Mary's Hospital and Queen Mary College is supported financially by Efamol, a pharmaceuticals company based in Guildford. The concern, which has annual sales of about £6m, says that it could soon start up a pilot plant to turn out the new porphyrin substances.

Efamol, which was started in 1978, specialises in drugs made from natural substances such as oil from fish or primroses. Despite this accent on a fringe area of the medical scene, Efamol has attracted the support of one of the pillars of the medical establishment, Sir James Black, who held top research positions in two of the world's top drug companies—Smith Kline and French, and Wellcome (see separate story).

In the US, Johnson and Johnson has bought the rights to producing Photofrin-2, a form of HPD produced from natural substances and which has been used in most treatments based on phototherapy around the world.

Photofrin-2 was originally developed by Dr Thomas Dougherty of the Roswell Park Memorial Institute in Buffalo, New York. A course of treatment based on the substance requires about a fifth of a gram of the material, costing several hundred dollars.

Well-being among the primroses

A ten-minute telephone conversation was enough to convince Sir James Black, a well-known figure in the drugs industry, to become involved in the affairs of a tiny pharmaceuticals concern, Efamol, the main work of which is to sell pills made from primrose oil.

Dr David Horrobin, Efamol's managing director, telephoned Sir James, who until 1984 was director of therapeutic research at Wellcome, the UK drugs company, to seek his support. "It was one of the most coherent telephone calls I have had," recalls Sir James, who left Wellcome to become professor of analytical pharmacology at King's College Hospital Medical School, part of London University.

Sir James, who had previously worked for other pharmaceuticals heavyweights such as ICI and Smith, Kline and French, subsequently joined Efamol as non-executive director. He describes Dr Horrobin as "an outstanding individual" with a fertile mind, keenly interested in new ideas.

According to Sir James, he provides a source of commercial experience for Dr Horrobin, a medical researcher who set up Efamol after a background in academic institutes including the University of Newcastle upon Tyne and the University of Montreal.

Efamol specialises in drugs based on the oil of evening primroses and fish. These oils are rich in organic substances called essential fatty acids (EFAs), which are thought to combat a number of ailments such as arthritis, eczema and heart disease.

Fish oil, as childhood memories of cod liver oil will testify, has long been thought to have beneficial effects. Medical workers have been impressed by the fact that Eskimos (who eat lots of fish) rarely have heart attacks. Evening primroses, too, have a long history of herbal use. The plant used to be popular among the native indians in North America.

But in most developed countries, drugs based on these substances are regarded as slightly dubious because they have not been subjected to rigorous medical testing. The substances have attracted the attention of a number of small, "cowboy" companies, some of which sell oil-derived pills on the basis of claims which are difficult to substantiate. Regulatory authorities have not certified the substances as pharmaceutical products and, consequently, they are sold mainly as nutritional items, in health-food shops and chemists.

Sir James agrees the medical establishment has been prejudiced against EFA-based medicaments but he says the area "is well worth further study," and that the evidence that the drugs can help in certain ailments has been well substantiated.

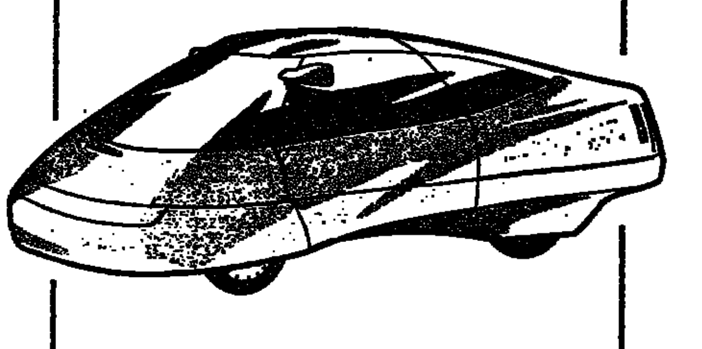
In recent years, Warner-Lambert and Squibb, US pharmaceuticals manufacturers, have shown interest in EFA-based products. Both are selling drugs based on fish oil, to combat the building up of deposits in the arteries that can cause heart disease.

These companies, together with Efamol, are putting pressure on regulatory authorities such as the US Food and Drug Administration to certify the EFA compounds. According to Dr Iain Cloughley, Efamol's technical director, Efamol accounts for about one third of the £25m world market for EFA-based products. If the medical establishment could be persuaded to give the drugs its blessing, the market could rise to as much as £500m within a few years, he believes.

In August, Efamol took a major step in consolidating its position in the EFA business by opening a plant on the Isle of Lewis, in the Outer Hebrides in Scotland, to obtain concentrated EFA from fish. The plant is run by Callanish, a joint venture between Efamol and Herring By Products, a Norwegian fish processor.

The factory, at Breasclete, will take oil from freshly-landed herrings and convert it into EFA that can be used directly in Efamol's products. According to Dr Cloughley, the same process can also be used to upgrade the EFA obtained from processing evening primroses.

CAR THAT THE SINCLAIR C5 LED UP A CUL-DE-SAC



The elegant, futuristically-styled car illustrated here will almost certainly never be built. It is the C15, Sir Clive Sinclair's design for a full-size, electrically-propelled passenger vehicle, writes Alan Cane.

After the failure of the C5, the electric tricycle he launched two years ago which was his first venture into personal transport, Sir Clive has had to put aside his ambitions in electric vehicles and this is the first time the plans for the C15 have been made public.

If all had gone well with funding and development, prototypes of the car would have been ready for display at the 1988 International Motor Show in Birmingham; development was expected to cost in the region of £2m.

Compared to the C5, a simple, open tricycle powered by a conventional electric motor and battery system, the C15 would have been sophisticated and innovatory.

It would have been driven by a 7.5 kilowatt electric motor transversely mounted at the front of the vehicle and powered by a sodium sulphur battery mounted in the rear.

Sodium suphur batteries, with a power/weight ratio some four times better than the conventional lead acid variety, are now recognised as a realistic power source for electric vehicles.

According to Sinclair's specifications, the C15 would have been able to cruise at 89 kilometres an hour (55 mph) against a 10 metres per second headwind.

It would have had a range of 300 km (over 180 miles) on a single charge of the battery.

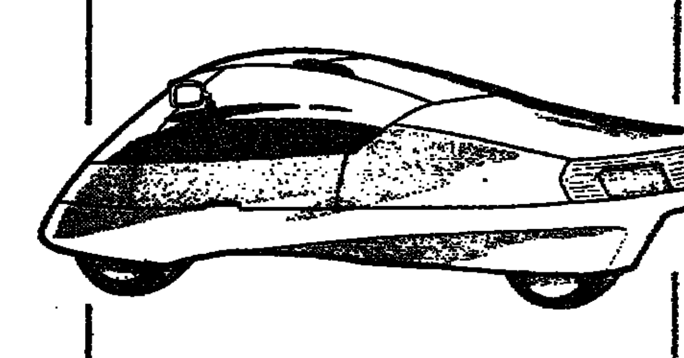
The C15 and its ill-fated predecessor share similar construction and production technology. The bodies of both vehicles are of polypropylene mounted on a metal chassis. The C15, however, is designed to carry a driver and three passengers, unlike the single seat C5, and is therefore approximately the same size as a conventional small car, 3.5 metres long, 1.35 metres high and 1.35 metres wide.

Motor vehicle design experts agree that the body shape is close to the optimum for minimum wind resistance and drag.

According to Sinclair: "Wind test development of a one eighth scale model of a three-wheeled version of the C15 has already yielded a drag coefficient of 0.12."

Theoretical and wind-tunnel figures, of course, are one thing and performance on the road another.

Sir Clive is already planning in his mind an even more advanced electric car for some unspecified time in the future. We shall never know whether the C15 would have realised its design potential.



THE ARTS

William Packer looks back over the visual arts during 1986

A year of consolidation, confirmation and reassessment

In the world of the visual arts, 1986 has been neither especially remarkable nor exciting, but that is not to say it has been uninteresting or dull. If the definitive genius of the age has lately declared himself he did so, I am sorry to say, with such modesty and discretion that he failed to tell me, and the moment passed me by. But then a reasonable prescience in a critic is one thing, actual omniscience quite another. So perhaps I need not beat my breast too hard. This has been a year of consolidation, confirmation and reassessment of existing reputation, and this time next year, no doubt, I shall eat those words.

But it seems clear enough to me that the painting of the New Spirit—which has occupied and excited us so much since the turn of the 1980s, that resurgent figuration and symbolic expressionism that was thought to have put abstraction at last and for ever in its place—is now less urgent and compelling. We find ourselves now looking with a cleaner curiosity upon the stranded giants, monsters and little fish alike to discover the merits of their work for what they really are. As the pretentious, inept or merely opportunistic falls away, the good remains to justify itself on its own terms, and it is encouraging to see how much of it there is. In September New York's Julian Schnabel, whom God preserve, filled the Whitechapel with his grandiose and ponderously ham-fisted daubings. I shall not rehearse again their pitiful inadequacies, about which I wrote at length at the time, but only remark on a coincidence. For in September, the work of Anselm Kiefer also went on show in the Saatchi Collection, where it remains still. And Kiefer, whose work has so often appeared with that of Schnabel, is clearly a major artist. The point is that both these men stand not as part of a general movement, however vague, but now entirely for themselves.

Meanwhile, Frank Auerbach, a painter whose master was David Bomberg, and who has remained true to that peculiarly *British tradition in figurative* expressionism for nearly 40 years was declared joint winner of the Golden Lion at this summer's Venice Biennale. He deserved to win outright but his success raises deeper questions. Auerbach is not alone among British figurative painters in having enjoyed considerable domestic success since the 1950s—we think immediately of Michael Andrews, Lucian Freud and Leon Kossoff—yet remaining virtually unknown abroad. I was in Canada earlier in the year and was repeatedly asked the question: who is Frank Auerbach? Had he been shown in Venice, even as late as 1978 or 1980, his participation would have significantly shifted the international perception of British painting today, and its place in the world. The present international interest in the work of our younger sculptors, on the other hand, is self-generated and self-fulfilling for, having been shown once, they are asked again.

Detail from "The Marlborough Family" by Sir Joshua Reynolds

These inconsistencies of opportunity do us no good but it would be too easy to blame the British Council, the principal agency for these shows abroad, for mistaken choices. Sculptors too deserve their chances, as do painters of other kinds, plus artists and craftsmen of all sorts. Strapped for funds, the British Council must lose both ways, as much for being right as wrong. One only has to see its actual work abroad to understand the importance of the cultural diplomacy it effects. Because our artists are so good and do us all such credit, they deserve no less. The underfunding of the British Council is either cynical or ignorant, and either way it *passes belief*.

But back to British art at home, and to some of those more established artists whose reputations were positively enhanced. Victor Willing filled the Whitechapel with his hallucinatory and surreal tableaux: at the Serpentine, Adrian Berg moved away at last from his eyrie above Gloucester Gate in Regent's Park to Kew Gardens. And Michael Andrews brought the extraordinary scale and light of Ayers Rock to Anthony d'Offay. John Bellany was everywhere. Ronald Searle's sketchbooks, which he made while a prisoner of the Japanese, were shown at the Imperial War Museum. And at Dulwich the veteran Sam Rabin brought a lightness of touch and sophistication to images of the Noble Art that were as delightful as unexpected.

These are all figurative artists as it happens, but the non-figurative have remained quite as active, if not so much under our immediate notice. Bridget Riley and Anthony Green have had important gallery shows abroad, and Paul Huxley is the new Professor of Painting at the Royal College of Art. My one prediction, more of a hunch really, for 1987 is that general interest in the better and, again, established abstract painting will conspicuously revive.

As for our sculptors, they too distinguished themselves: Richard Long at d'Offay, Anthony Caro at Waddington and Knoedler, Michael Kenny at *the Royal Academy. David Nash* had an impressive first show with his new gallery, the Juda Rowan, and the Boyle family filled the upper galleries of the Hayward with their huge and disturbingly faithful earth reliefs. Bryan Kneale's retrospective, which is especially notable for his recent drawings of animal skeletons, is the inaugural show at the new Henry Moore Gallery of the Royal College of Art, where it *remains until January 6.*

Henry Moore himself, of course, died in August at a great age. He was a great artist and his work is his proper memorial. But he was ever generous and active in his efforts in the interests of his fellows and, in the widest possible sense British artists of every kind owe him an incalculable debt.

My most memorable experience of modern sculpture during the year was that afforded by last summer's project in the Forest of Dean, which the Arnolfini of Bristol set up in deep collaboration with the Forestry Commission. The six major sculptures installed and left for good in their several sites within the forest are all entirely successful and in such different ways, none more so than Magdalena Jetelova's giant chair astride its hill-top, which is already becoming a forest trade and landmark.

Jeremy Rees, who founded the Arnolfini 25 years ago and built it up from nothing to its present eminence, lately *announced his resignation* as its director. It is no more than his due that we should here acknowledge that considerable achievement and public service. But he is not yet lost to the art world and, whatever he does next, we wish him well.

Our major public exhibiting and scholarly institutions, with their slower pace and more naturally revisionist cast of mind, have contributed spectacularly, in both the modern and more historical fields of study, to the general sense of reassessment and consolidation. This has been especially true of exhibitions concerned with modern art and its immediate antecedents.

Picasso's sketchbooks at the Royal Academy in the autumn were strangely both a revelation and yet not one. The excitement they generated was not at the discovery of a new Picasso but at the wonderful private confirmation of the Picasso we already knew. With the magnificent Rodin exhibition, which the Arts Council brought to the Hayward where it is still on view, there too is an emphasis upon the younger man in his more private and immediate work. In the drawings, studies and maquettes, the serious purpose of the *exhibition* lies besides all the pleasure and excitement. The Kokoschka at the Tate and the *David* Smith at the Whitechapel were two other fine and significant full retrospective studies that *followed* this same path, resting the mature reputation firmly on the work of the younger man. Kokoschka we already knew well enough though not so well as we do now, but the early work of Smith, never seen here before, was indeed a revelation.

But the most intriguing revisionist exercise was this year's *Hayward Annual, Falls The Shadow,* chosen by Barry Barker and John Thompson. For all its longeurs and obscurities, it deserved a more sympathetic and considered reception

"King and Queen" bronze, by Henry Moore

than perhaps it got. The idea that the contemporary artist is now faced, not with the hard, narrow choice of whether or not to align himself with the latest orthodoxy of the avant garde, but a broader, more truly catholic opportunity across parallel, equivalent and established attitudes and preoccupations, is hardly new but its serious critical airing by demonstration was long overdue.

Dreams of a Summer Night, which followed the Annual at the Hayward in mid-summer, was another important exercise in revision. For in bringing to us the work of artists whom we had, with one exception, all but forgotten, the Arts Council made the point that the national *schools of other countries are at* least as interesting as our own. This was not just a show of Munch and a few major contemporaries such as Zorn, Kroyer and Krogh, but a full survey of painting at the turn of the century in the five Nordic countries. The show's significance was considerably enhanced for me by the opportunity I was given by the Nordic Council to travel through those countries beforehand to set the work in its true context.

The long awaited Sir Joshua Reynolds exhibition was the Royal Academy's major effort in the New Year. In the event it threw an unforgiving light on a flawed and ambitious talent that was never the genius we had supposed. The wonder is that Reynold's reputation withstood such scrutiny at all. But it did, though much changed. For his true gift lay not with the great machines to *which* his *ambition led* him, but with the face and head and the intimate confrontation with his sitter. These remain to us.

Our great public collections, meanwhile, continue to accrue, if more by curatorial alchemy than policy. The British Museum put its haul of drawings over these past five years on show, which proved as various and ravishing as we have come to expect. Yet so many of these works remained more significant and minor, rather than outstanding. The Tate marked Ronald Alley's retirement as Keeper of the Modern Collection with a large show of its modern acquisitions in the 40 years of his association with the gallery, and again it was more churlishly received than it deserved. Masterpieces are expensive and in this field more often controversial than not. To keep up with developments any major gallery should buy early and take risks. The wonder is that we have a representative collection at the Tate at all, let alone one so good.

And at the National Gallery Sir Michael Levey marks his own resignation after some 12 years as director with a personal choice from among the acquisitions he has made on our behalf in that time. The exhibition, which is current, is a vindication not merely of a scholarly and effective tenure of office but of a wonderful personal eye for a masterpiece. Here are 38 plums, from the early 14th century Sienese, Ugolino, to Matisse by way of Raphael, Parmigianino, Bessano, Caravaggio, Altdorfer, Rubens, Van Dyck, Hals, Rembrandt, Velazquez, Steen, Claude, Fragonard, David, Stubbs, Wright, Degas, Renoir, Matisse. To be vulgar for a moment by mentioning money, the whole lot has cost us something over £20m, which at the prices of recent weeks achieved by paintings by no means better than *these in their several categories,* would have brought us just three. The National Gallery's purchase grant for the coming year is £2.75m, which the Government claims is generous. The Tate has just launched its appeal for the £1m still needed to acquire the great Constable of Waterloo Bridge.

But enough of art matters: I last looked on it in an uncrowded Sistine Chapel some 10 days ago, and walked alone next morning in spring-like sunshine on the Palatine Hill. Sufficient unto the New Year is the art thereof and I wish you all, indeed, a most happy New Year.

Cinderella/Richmond

Max Loppert

The panto at the Richmond Theatre is a superior dressing-up of something basically very ordinary. The costume budget of Paul Elliott's production is obviously a good deal larger than the average *Cinderella* allotment: the Ugly Sisters' creations grow more voluminous with each passing scene (a headdress for the ball containing an ice-bucket with two champagne bottles was a *new one for me) and for the* Royal Wedding finale everyone rushes back in black and white outfits very much after the example of *My Fair Lady.* The story line may regularly get skimped—the happy ending is tossed in almost as an afterthought—but the production values are held firmly in sight.

The performance as a whole goes with a cheerful swing — no hiccups in the scene-changes, smooth musical direction (Barrie Bignold) knitting every point into place, no post-ice-cream-break malaise. It's a show that has been put together, competently but with limited imagination, from resilient source materials. Favourite songs are appropriated for use at moments of only approximate narrative suitability — Rolf Harris's Buttons and Anneke Rice's amusingly Sloane-style Dandini break into "We're a couple of swells" for reasons which actually have very little to do with the scene into which they introduced it.

Some noisy emotional ballads for Cinderella (Caroline *Dennis) and Prince Charming* (Jane Danielle) have been spliced into their positions in similarly inexact manner — it doesn't pay to listen to the words of "Kiss today goodbye" too carefully (not that anyone would want to). There *is* athletic, boring television choreography for the Babette Longford Young Set by Jayne Longfield, one number being given to an amazing perversion of Beethoven's Fifth Symphony, hideously over-amplified (like too much else). The Ugly Sisters introduce themselves as Alexis and Krystle — a really fresh idea, that!

What saves the day is the personality content. Especially because the magic and the fantasy of the fairy tale are so patchily attended to, everything depends on the variety-sketch skills of the leads, and happily they're unfailing. Mr Harris does Buttons in his characteristic part-compère vein, tripping the stage so lightly that even his extended cartoon-drawing interlude doesn't totally collapse the *proceedings. Baron Hardup* is Bill Owen of the wellies and the gruesome checked trousers, with a lovely line in oblique-angled walks off stage.

To one who hates specialty acts, the team of Ward Allen and Roger the Dog brought unsuspected dry hilarity; the *sisters*(Nigel Ellacott and Peter Robbins) relay in high style some of the evening's best bad jokes—"Do you give a henna rinse?" "No, but I once washed *a duck" is* probably the *ne plus ultra* of the genre. Though it's not difficult to work out all the ways in which it could be better, the Richmond *Cinderella* can still be recommended as a Good Night Out.

Der Rosenkavalier/Cologne

Andrew Clark

Such is the concentration of theatres in the north Rhine and Ruhr areas of West Germany that the visitor is likely to find at least one "first night" on any given weekend of the season, and a bewildering selection in the days surrounding Christmas and New Year. It is deemed the best time to put on a good company show, and a new production of *Der Rosenkavalier,* which the Cologne Opera has *just unveiled, should be guaranteed* to fit the bill.

This is what the Cologne Intendant, Michael Hampe, has largely achieved: the staging breathes all its characteristic traits—conservative, musical, finely-drawn—and will provide a solid exemplar of house repertory for years to come. Hampe shows the utmost respect for Strauss's stage directions, manages the set-pieces engagingly and without fuss, and has the act *III* inn decor almost literally waltzing off the stage before the closing trio, to reveal a fantastic background fresco of a palatial Viennese interior. Given such a classic setting and the exceptionally fine musical realisation of these final pages —three pure sopranos and Sir John Pritchard's savouring of the instrumental haze in the pit—the performance was able to offer a parting glimpse of a Straussian operatic ideal: complete vocal, instrumental and visual harmony.

Sir John—whose tempi earlier in the evening had shown the opposite of indulgence—drew a suave reading of cultivated swagger and dramatic punch. The success of the cast, which had less experience to draw on, was more variable. As the Marschallin, Hampe had chosen Margaret Marshall on the basis of previous collaboration on Mozart in Salzburg and Cologne. It has been a pleasure to watch Miss Marshall's operatic career flourish—her Countess in the Scottish Opera *Capriccio* gave out particularly encouraging signs of an attempt to develop a dramatic personality on stage. She is not, I think, a natural stage artist, and her interpretations take time to develop.

Even on these terms, however, and allowing for some unhelpful stage direction and an awkward costume, her first Marschallin is a disappointment: the voice is too light and silver to cut through the orchestra in the opening scenes, and she seemed somewhat lost, unable to relate to the people and action around her. The interpretation does show potential, however, in the monologues, where Miss Marshall's care for words and superior vocal means can be appreciated in glorious isolation.

Günter von Kannen was an ugly and boorish Ochs, but he carried his scenes almost single-handed, thanks to a fine voice and a sense of comic timing. Dolores Ziegler and Teresa Ringholz were an excellent match as the young lovers. Miss Ziegler's Octavian deserving a wide career.

Tarkovsky dies

The exiled Russian film director, Andrei Tarkovsky, died in Paris yesterday of cancer. He was 54.

Concerto di Natale/Assisi

David Murray

As William Packer reported before Christmas, the Alitalia company is celebrating its 40th anniversary in grand style. In Italy its cultural good works are legion, and with understandable pride — and extravagant largesse — Alitalia has been flying in journalists from many countries to witness them. My number came up for a trip to Rome and thence to Assisi, where Alitalia sponsored a Eurovision Christmas concert in the great basilica of Saint Francis.

Amid the dazzling Giotto frescoes, super-lit for the television cameras, even a modest recital could have been memorable. (Alitalia has a longer-standing connection with the basilica too: the Perkins Collection of works by minor Renaissance masters is housed there through another of its benefactions. What does BA do with its profits?) Besides, we were softened up by the charms of the wintry Umbrian landscape (and those of the Lungarotti wine factory at Torgiano). In the event, the concert proved a hit-and-miss affair, delightful if somewhat improvisatory.

In Mozart's early, evergreen motet "Exsultate, jubilate" the soprano was Lillian Watson, fresh and appealing. The cameras will not have been wasted on her, and her deceptively easy manner surmounted the murky accompaniment—perhaps only the fault of the cavernous acoustic—supplied by Peter Maag and the RAI Orchestra. Maag is not the sprightly Mozartean he once was. Miss Watson can, I think, deliver Mozart's rococo ornaments with more jewelled precision than she did here, but the orchestra set her no stimulating challenge.

In the nick of time Uto Ughi blew in to play the Beethoven violin concerto. After a longish wait, with his practice-flourishes audible from some recess, Ughi assaulted the concerto with an urgency that took Maag and the orchestra by surprise (and he played along with most of the opening *tutti,* by way of extra warming-up)—solo and band found themselves more than once in unintended syncopation. The Larghetto settled better, and in the finale Ughi's virtuoso keenness made an apter, less wilful impression. With the live transmission (to Italian viewers only) completed, Maag and Ughi decided to re-do the opening Allegro for the Eurovision tape. Suddenly the orchestra was unrecognisably better, and there was a welcome new lyrical consistency: it was a genuine performance, in fact, instead of a run-through. There is a lot to be said for rehearsal.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

December 26–January 1

LONDON

Royal Opera House, Covent Garden: The Royal Ballet continues its performances of The Nutcracker.

Royal Festival Hall: London Festival Ballet gives daily performances of The Nutcracker.

Sadler's Wells, Rosebery Avenue: Sadler's Wells Royal Ballet continues its season with The Snow Queen followed by Coppelia.

WASHINGTON

Washington Opera (Terrace): The company's season at the Terrace Theatre features Don Pasquale in a new production by Douglas Wager conducted by Cal Stewart Kellogg with Francois Loup in the title role, Pamela South as Norina and Gran Wilson as Ernesto. The 1982 English-language production of The Abduction from the Seraglio returns conducted by Arnold Ostman with Joyce Guyer as Constanze, David Kuebler as Belmonte and Kenneth Cox as Osmin. Kennedy Center (254 9895).

NEW YORK

Metropolitan Opera (Opera House): The week features *Rigoletto* conducted by Thomas Fulton in John Dexter's production with Mariella Devia, Sherrill Milnes, Dano Raffanti and Dimitri Kavrakos; La Bohème conducted by Julius Rudel in Franco Zeffirelli's production with Leona Mitchell, Barbera Daniels and Brian Schexnayder; *Die Fledermaus* conducted by Jeffrey Tate with Kiri Te Kanawa, Tatiana Troyanos and Otto Schenk *in* Otto Schenk's production; and Madama Butterfly conducted by Gianfranco Masini in Renata Scotto's staging with Miss Scotto, Vasile Modoveanu and Lenus Carlson. Lincoln Center (362 6000).

New York City Ballet (New York State Theater): Following the final seasonal performances of The Nutcracker, the company's 85th season continues with repertoire by Balanchine and Jerome Robbins, including two of last spring's world premieres by Robbins, Quiet City and Piccolo Balletto. Lincoln Center (870 5570).

VIENNA

Staatsoper: A Summer Night's Dream conducted by Richter; La Boheme conducted by Mackerras with Freni, Wise, Dvorsky, Hornik, Helm; Die Fledermaus conducted by Neuhold with Ghazarian, Dernesch, Lind. (51 444/26 55).

Volksoper: Madame Pompadour conducted by Bibl; Der Opernball conducted by Boncompagni; Die Fledermaus conducted by Bibl. (51 444/26 55).

CHICAGO

Lyric Opera: Lotfi Mansouri's 1981 production of The Merry Widow continues with Maria Ewing in the title role, Alan Titus as Prince Danilo and Jerry Hadley as Camille de Rossillony, conducted by Baldo Podic. (332 2244).

PARIS

Offenbach Gala and dinner with Orchestre National conducted by Georges Prêtre and Paris Opéra Choir and Ballet from 8.30pm until midnight. Paris Opéra (Wed) (4266 5022).

Aladdin/Shaw

Antony Thorncroft

Pantomimes only have to pass one test — do the children enjoy it? On that score this production was a great success, with little girls — in sophisticated Camden I would reckon that seven is the cut off age — wetting themselves with laughter at the oldest of routines: the ghost touching up the policemen, and Widow Twankey causing mayhem in her laundry.

The hand of the Council was fitfully visible — Abanazer is a reformed character very early on and there were stern warnings that the problems of the age could not be solved by magic. Also I am sure that in Tunbridge Wells Aladdin would not have been paired off with the servant girl, Soshy, while Wishee Washee captured the Princess.

But such incidentals hardly hindered the fun. More trenchant criticism could be mounted against the lack of spectacle. There was a lot of banging to be heard during the lengthy scene switches but when the curtains rose again there was little to account for all the effort.

This is a wholesome, conventional family panto, not very imaginative but with its heart in the right place. The cast play as a team, which enables orman Beaton to get by as a rather subdued Twankey. He is allowed a glamorous dress at the end but for much of the panto he looks rather like a woebegone trans-sexual. He has, however, some good lines and will doubtless deliver them with brio in time.

Debby Bishop, as Aladdin, has quickly got the measure of her part, but with the plot played down almost to invisibility the most eye-catching *performances* are by the funny men, notably Richard Tate and Bill Thomas as the Chinese policemen. Anna Karen makes her mark as an Empress of China and the kids are quite happy to respond to her catch-line "Hello peasants" with a deferential "Hello, Empress."

For all the wealth of TV stars involved no attempt is made to update the panto or to aim it at adults. They will get their delight from the pleasure of the children. This is the only panto in central London this Christmas but a worthy example of the species.

FINANCIAL TIMES

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Telegrams: Finantimo, London PS4. Telex: 8954871

Telephone: 01-248 8000

Tuesday December 30 1986

Transatlantic trade wars

THE European Community and the US are to celebrate the New Year by starting a small trade war. In two days time the opening shots are due to be fired in a tit-for-tat dispute over agriculture that never should have been allowed to occur in the first place. The casus belli this time is the loss of market share for American farmers caused by the enlargement of the EEC to include Spain and Portugal

Previous transatlantic confrontations of this sort have been long on rhetoric, but limited in terms of damage. Even in those cases where diplomacy has initially failed and retaliation has followed—the "pasta war" is a recent example—peace has eventually been restored. This time, too, the signs are that US retaliation will be phased in gradually enough to allow further negotiation before things get out of hand.

Rapid erosion

But with each successive dispute it becomes harder to dismiss the rhetoric as mere brinkmanship, and the danger of a general conflagration becomes more acute. For the climate in the US continues to deteriorate. A fundamentally free-trade Administration, already weakened by the loss of its Republican majority in the Senate, is hamstrung by the damaging inquest into the secret sale of arms to Iran. The White House has been forced to draft its own trade bill in response to the determination of Congress to rewrite US trade legislation with a protectionist slant.

Mr Reagan is under severe political pressure from the farmers, who blame European subsidies for the rapid erosion of their own world market share. His Administration is further exasperated by what it sees as the Community's failure to honour the terms of an interim agreement on the enlargement dispute. All in all, the context in which trade negotiators are having to work is bleak. Mr Willy de Clercq, the EEC's trade commissioner, claimed he was not exaggerating when he said last month that trade disputes were bringing the US and the community close to "a major political crisis."

Spain's admission to the Community this year will mean the loss of a market for American maize and sorghum animal feed of about $500m a year. The US wants a guaranteed export quota to Spain of 3m tonnes a year in compensation: the EEC has offered to take 1.6m tonnes a year from all outside suppliers. A six-month interim arrangement, settled in mid-air over the Atlantic in July, has worked so badly as to create the suspicion that Europe is deliberately welshing on the deal.

The Americans say they are sick of paying for European enlargement. But their real complaint is that they were not consulted in good time about the consequences of an entirely new tariff structure for Spain. Washington has refused to be mollified by the longer-term benefit of lower industrial tariffs (and the political benefit of Spain's further integration into the western alliance) in compensation for the loss of an important agricultural customer.

Having refused, at least formally, the EEC's request to extend its deadline, the US will retaliate in the New Year with tariffs on European wines, brandy, beer, cheese and chocolate. The EEC will reply with import restrictions on maize gluten, rice and wheat. Farmers on the American side of the Atlantic may suffer the more.

Both parties to the dispute must be aware what a dangerous course they are taking. In reaching for the compromise that is there to be struck, the US should give Europe due credit for this month's hard-won decision to attack the beef and dairy mountains by production and price cuts. Inevitable as that decision may have been, it went to the heart of what is wrong with the bilateral trade relationship—the Common Agricultural Policy.

This latest EEC-US trade tussle is not just a reminder of the unhealthy competition between European and American subsidisation of farmers. The EEC form of subsidy may be anathema to American politicians—but so it is to many Europeans. What emerges most clearly is their failure to cope with strains that will be inevitable until the worldwide distortions to agricultural trade are tackled multilaterally. In the meantime, Washington and Brussels must overhaul their system of liaison to provide early warning of manoeuvres before they can turn into battle formations.

Unfair to the Post Office

THE CENTRE for Policy Studies is the body set up under the aegis of Sir Keith Joseph and Mrs Margaret Thatcher when the British Conservative Party was still in opposition. As such, it has had some influence on the development of Tory policy in government and is stirring again now with the approach of another general election and the search for a radical manifesto. Thus when it comes out with a call for the privatisation of the Post Office, it cannot be lightly dismissed.

Some of the analysis contained in "Privatise the Post," published this week, is also remarkably fair. For instance, the pamphlet points out that the British Post Office is among the "world's top performing postal administrations with a high quality of service, high profits and low rates of charges. Such praise is scattered throughout and indeed goes back to Mr Tony Benn in 1964, who is described as an "unusually dynatic and interested Postmaster General, doing good for the consumer and the Post Office alike. Successive governments, the pamphlet suggests, have used a "combination of measures to attain a not unsatisfactory outcome."

The measures have included the separation of the Post Office from the Civil Service, the establishment of a watchdog organisation — the Post Office Users' National Council, the hiving off of telecommunications to the private sector and the reorganisation of the Post Office into four divisions: letters, parcels, counters and the National Girobank, the last of which is a wholly-owned subsidiary. Possibly the fear of privatisation in the background has acted as a spur to greater efficiency.

Could expand

The only one of these divisions which has anything like a genuine monopoly is letters: most, though not all, of its inland traffic is protected from competition. Parcels operates totally within a competitive environment. The National Girobank is essentially a bank like any other, except that it conducts its business mainly through Post Office counters. The counters division provides services to the others and financial services to government departments, such as Health and Social Security.

Moreover, all the divisions are capable of expansion. The counter service could be extended to cover theatre and travel bookings. The Girobank has gone into mortgages and life assurance. If the tax and benefit systems are eventually merged, the Post Office would be the natural distributor. It is the place where most people go to get and deposit money.

In so far as the Post Office has had problems in recent years, they have stemmed mostly from industrial relations. The explanation lies in a turning against shift work: sorting mail requires short bursts of activity rather than a steady eight hour day. The management has been seeking more part-time working, but there have been difficulties of adjustment with the unions, which is not surprising in an organisation that is still one of the largest employers in the country. On the whole, the transiation to different patterns of working is being made successfully.

Of course, no-one setting out to invent the Post Office today would choose anything like the existing system. Indeed it is unlikely that they would opt for a centralised postal system at all, still less one that had a bank to go with it. The present set-up is a hybrid; there is nothing else quite like it. Yet the fact remains that it is there. It is in the High Street where everyone can get to it. It appears to be popular. It has shown itself capable of change and, in some areas like parcels, of competition. It also makes a profit.

The case for privatisation would therefore have to be compelling in order to be taken up. It is not compelling in this pamphlet: only a few possible marginal savings in abolishing the letters monopoly are offered. The threat of privatisation at some stage in the future is another matter, if only to keep the Post Office up to the mark. So far it has worked rather well and the Post Office is showing that it is possible to be a reasonably well-run and regulated public corporation. There is no need to privatise for privatisation's sake.

THE YEAR OF THE SCREEN

Do adjust to your set

The video screen is everywhere. The problem, says Alan Cane, is that you cannot necessarily believe what you see

IMAGINE a whole series of Dallas or East Enders created without a single living actor. The idea is not so far-fetched for the technology is already available. Television pictures exist as a series of minute light spots of varying intensity, and a computer can be instructed to produce a pattern of spots on a video (or television) screen indistinguishable from the real thing.

To the best of my knowledge, no such film has yet been created, but the potential is there. The fact that such images would be accepted everywhere as true representations of reality underlines the potency of the video screen, a technology which is beginning to dominate our perception of the world.

In a year which has seen the BBC celebrate the 50th anniversary of its public television service, when virtually every home in the developed world has at least one television set, that may not seen too remarkable a statement. But 1986 marks the beginning of an era when the video screen will become ubiquitous—in the home, in the office, in the factory. And it is not clear the consequences have been fully explored or investigated.

As the display for all manner of computerised information, the video screen has already become as widespread a business tool as the typewriter.

By the end of the century, it may well be as common as the telephone. The more advanced electronics companies like IBM already have almost as many video screens as people raising the interesting prospect that before too long, most people will use a video screen during at least some part of their working day. For some, indeed, a screen and keyboard could become their only point of contact with the rest of the business world.

Some stockbrokers in the US are close to this stage already. They make market assessments from prices displayed on a video screen, initiate trading by pressing keys, and the computer assures them via the screen that their deals have been consummated.

This trend is not confined to the financial world. In a few weeks, Professor Richard Gregory, director of Bristol University's brain and perception laboratory, flies out to the National Aeronautics and Space Administration in the US to advise on the use of video displays in space capsules.

Portholes, it seems, are now redundant. NASA's idea is to provide its spacemen with an electronic view of the outside world. Small beer to followers of Star Trek or Dr Who, of course, but it raises questions that Prof Gregory, who worked with NASA on the visual problems of lunar module docking and landing, is keen to grapple with.

How much information, and what kind, should be presented to the astronaut on the screen, for example? It is tempting to think that an astronaut's efficiency could be improved by providing only the basic data for the job in hand. Such an approach, however, might deprive the space traveller of subliminal visual cues, clues to the structure and form of the outside world which are vital if only to preserve a sense of sanity and well being.

In the broader context, the business world ought also to be concerned about the widespread use of screens for at least two reasons.

Personal contact is essential for an understanding of 'the rules which govern the other fellow's world'

First, it should be asking what measures it can adopt to ensure the veracity of information presented on the screen.

Second, it should be questioning the inherent assumptions and illusions built into the more sophisticated methods of displaying information on video screens now in development. These include the elaborate use of colour and three-dimensional display.

There has been a wealth of research on the physical effects of prolonged work with video screens but remarkably little on the psychological effects.

Most studies of the relationship between health and video displays suggest that the screens themselves, if well built and properly maintained, are not a hazard.

Poor posture, undetected sight problems and other physical idiosyncracies, however, can all be exacerbated by screen working. Is there any reason to suppose that psychological idiosyncracies should not be equally influenced.

Prof Gregory points out that people working wholly on electronic screens — flight traffic controllers using radar are his example — require massive experience outside what they see on their screens to function efficiently. It takes four years to train a flight controller. A move to a new airport means another two years' learning to mesh the screen image mentally with physical knowledge of the terrain.

Similarly, Prof Gregory insists that, in business, personal contact is essential to understand what he describes as "the rules which govern the other fellow's world." The businessman working only with a screen could find himself increasingly cut off from that essential experience.

Fortunately, it is not yet a serious problem. Screens are so novel that business people have a stockpile of previous experience to help them judge what they see on the screen. Furthermore, most research confirms that top executives are still loyal to traditional business practices involving personal contact; only a minority have embraced screen-based management wholeheartedly.

But what of the future? What guarantees can be built in to convince screen users that the information they see is genuine?

This is already a problem. Last month, the London Stock Exchange was troubled by prices put into the Seaq market information system which were transparently inaccurate; old prices had been inadvertently fed to the computers. And only a few years ago, the US scrambled its nuclear bombers when a wayward computer indicated wrongly that an enemy strike force was on its way.

It is always difficult to ensure that any price, any signal, is accurate. Computer-generated data is a special case because of the speed with which it is presented, the lack of corroborative detail and the authoritative manner of its presentation on the screen.

In earlier times, when astrology was considered part of science, a picture of the configuration of the planets on the screen would have been enough to convince the sceptic the figures were right. It might prove harder today.

The development of new and sophisticated techniques like colour coding, ideograms or "icons" and three dimensional displays carries its own dangers. The idea is to make information stand out in such a way that decision making is simplified. A recent issue of the MIS Quarterly* noted that business executives made faster decisions from certain kinds of data if it was presented as a three dimensional picture. The technique used was crude but the implications profound.

In Prof Gregory's Bristol laboratory, he can create the illusion that straight lines are bent and squares are wedge shaped simply by altering the intensity of the lighting or the colour of the images.

His work, and that of other specialists, in visual mechanism, raises intriguing questions about the use of elaborate screen displays in business. Could the wrong choice of colours or intensity so distort the apparent curvature of a graph that the wrong decision is made? Would illusions have to be used to give images an appearance of reality, just as artists use perpective to give their work depth and solidity?

If so, what relationship should exist between the illusion and the real data on which it is built?

The answers to these questions do not seem yet to exist. As Prof Gregory says in his latest book**: "One can live happily with questions which are alive with promise." But in the business world's headlong rush into a screen-based future, those questions should at least be asked.

**MIS Quarterly Vol. 10 Number 3, 1986; **Odd Perceptions, Methuen, 1986, £17.95.*

...meanwhile on the Dallas set

Even without J.R. the show goes on

OUTSIDE Southfork Ranch, universally famous home of the Dallas Ewing family, two incongruous camels graze. "No, the Arabs have not moved in here yet," drawls my friendly blonde Texan guide. "The camels are only here for our Christmas nativity scene.

"Last year we had real people acting the nativity but they complained about the cold. So we decided to have camels and donkeys and other animals this year."

Southfork has become a place of pilgrimage in America and now challenges the White House as the country's most famous residence. In typical American fashion, nothing has been overlooked which could earn a quick buck for the owners of the country's hottest piece of property. There are souvenir shops selling tee-shirts, ash-trays, Stetson hats, Dallas stickers and mugs.

An average of about 1,000 visitors come to see Southfork every day. Adults pay $6 to visit the ranch and children, $4. For an extra $2, you can have tea in JR's bedroom on the first floor. For a further charge, you can order a green concoction called a Southfork Cooler, made with rum. On the book shelves you will discover that JR's favourite reading material includes books on Napoleon, Gen de Gaulle and Eisenhower.

For about $2,500, you can even rent the entire house for a night, ask the Southfork staff to pick you up in the farm's Rolls-Royce or, if you prefer, the stretched white Caddillac limo. The price includes use of the house's five double bedrooms and the jacuzzi in JR's mirrored bathroom. Dinner and breakfast for up to five couples are also included in the price, but you have to clear out before the first tourists arrive at nine in the morning.

An alternative venue is the nearby Southfork convention centre, which can be booked for meetings, wedding receptions, Christmas parties and a host of other functions. Outside, the centre looks like a huge shed. Inside, it is a Dallas variation on Disneyworld, with Sue Ellen's saloon and a huge room for country music romps.

The house itself is much smaller than you might expect. Covered with little red Christmas lights, it looked from the main road at night like one of those American suburban diners serving hamburgers, eggs, canned meat and canned spaghetti. Close up, Southfork could be the home of an affluent middle-class American businessman, but seems somewhat modest for oil billionaires like the Ewings. The swimming pool is tiny. "They use a wide angle lens for the television serial which makes it look much bigger," explains our guide. Indeed, Southfork itself is only used for shooting the exteriors of the soap; all the inside shots are taken in Hollywood.

The size of the house does not seem to disappoint the thousands of fans of the television serial who make the pilgrimage to Southfork every day. "The first thing people want to do when they come to Dallas is to go to Southfork," says Mr Starke Taylor, the city's major. "This soap has undoubtedly been good for us and has put Dallas on the world map." But the caricature of Dallas as a haven of scheming oil tycoons and lustful cattle barons has also started to irritate the city. "You may find a few individuals like JR in our city but you will also find them in London and Paris and they are not representative of our city," says Mayor Taylor.

At Southfork, life seems to go on as if oil were still selling at $30 a barrel. But even if the oil industry in the American south is in the doldrums, Southfork is clearly proving a handsome investment for Mr Terry Trippet, the man who bought the ranch in August 1984. He is said to have paid between $7m and $11m for the property he has never lived in.

Southfork itself was built in 1970 as a family house, but the original owner, Mr J. R. Duncan (no relation), eventually sold because he and his family grew sick of the streams of tourists and fans watching the filming of the series by the Lorimar film company or just visiting what one local calls "the Bucking Palace of Texas."

Dallas—the television series, not the city—seems in many ways to satisfy an American craving for royalty. The obsession is obvious the moment you step into Dallas town hall and they discover you are British. The conversation immediately switches to Prince Charles's visit to Texas and what a "sugar" he is.

But if Southfork has finally filled a gap in American culture by providing it with a royal family of its own, it has also become a magnet for foreigners. "The British, the French and the Germans top the list of our foreign visitors. But there are also Italians and Japanese and people from all over the world," says a ranch guide. "People have flown in from Paris just to spend a night at the ranch. A German electronics company used Southfork to launch a new product, organising a worldwide treasure hunt for a mystery computer chip hidden in the ranch."

For all the fame of the television serial, however, Dallas officials go to great lengths to correct the serial's suggestion that Dallas lives off oil. Some go as far as claiming that Dallas is atypical of Texas. "We are the seventh largest city in the US but we are not a centre of cowboys or oil barons," remarks Mr Dale Kessler, a leading voice of the Dallas chamber of commerce. Mayor Taylor adds that oil represents only a small percentage of the Dallas economy which has fared better than most other Texan cities because of its diversified character.

"We are still one of the fastest-growing areas in the world," claims the mayor. New buildings are indeed shooting up, although not as fast as a few years ago. But for Southfork purists, this construction has taken its toll on the familiar sights of the long-running television series. The Cattleman's Club, JR's favourite downtown Dallas eatery, where he invariably dines his girl friends, has been replaced by a car park.

Paul Betts

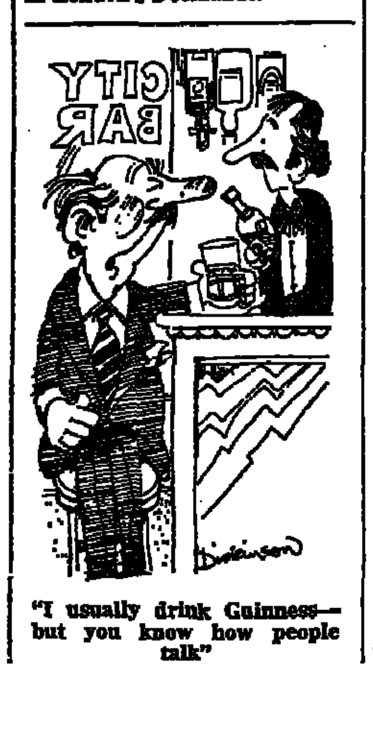
Men and Matters

Falkender berth in Milford Docks

As a director of the ill-fated J. Taylor's Slag Ltd, late of Ince-in-Makerfield, the then Marcia Williams was plunged into a political controversy in 1974. Lady Falkender's latest boardroom venture promises no such return to the limelight, but she is hardly joining a routine company in Milford Docks.

For even longer than the 30 years she has served as political and private secretary to Lord Wilson of Rievaulx, the former Prime Minister, the Welsh harbour and hotels operator has seen a succession of boardroom battles and a parade of large shareholders, each with ambitious plans to turn it around.

Roger Shashoua, the latest such champion, has already used Lady Falkender as a consultant at his ICE Group, the exhibition centre promoter of which Lord Wilson himself is a director. He credits her as being instrumental in helping to arrange its deal with the Tianjin provincial government to set up a Chinese trade centre in London's Docklands.



"I usually drink Guinness—but you know how people talk"

Latest projects include talks on building a 200-room hotel to provide accommodation at Moscow's Federov cataract clinic. Shashoua hopes that Lady Falkender's skills and contacts will also help to arrange the licensing of this Soviet eye surgery technology for use at Milford Haven.

Lady Falkender herself has not reached agreement on the payment or time commitment involved in the new non-executive position. Another directorship, of Peckham Building Society, already "takes quite a lot of time."

Cash flows

I have often thought that banking must be fun in spite of appearances to the contrary.

To prove my point the Royal Bank of Scotland has been quietly compiling some of the tales heard from customers who are trying to exchange mutilated bank notes.

Household pets are high on the list of culprits. Perhaps because they cannot answer back.

A canary was accused of escaping from its cage during the night and eating the money lying on a table. Another explanation ran, "Chewed by puppy and then buried with bone." The state of the notes is not described.

Children are not perfect either. One customer explained, "While I was answering the telephone my 2-year-old grandson tore the £5 and managed to eat half of it before I returned."

Families without pets or children sometimes have troublesome relatives. "Mother-in-law took brainstorm and tore up the notes" . . . "My husband left his wages on top of the cooker, not realising that one of the rings was on low" . . . "My son put it in the toaster."

But for the greatest reported gesture from Scotland's banking classes I must turn to an explanation from one of the bank's branches, "Accepted over counter by inexperienced assistant as a £1 note — Royal Bank of Scotland half note attached with Sellotape to Bank of England half note."

Tokyo rabbit

When Christopher Purvis opened Warburg's office in Japan in 1982, the staff comprised two secretaries and himself. Since that time, Warburg has steamed past Kleinwort Benson to get a securities licence in 1984, beat W. I. Carr for a seat on the Tokyo Exchange, and recently became the first British institution to win accreditation to deal securities for Japan's Post Office Life Insurance annuities fund, the world's biggest institutional investor.

Today, Warburg's Tokyo branch has a staff of 120 and new offices near the Tokyo stock exchange. And Purvis, a veteran of 35 and newly married, is to leave Tokyo in mid-1987 to take up a senior post in international equities in London.

"I don't think Warburgs had any idea that Japan was going to develop as much as it has. Otherwise, I don't think they would have sent me," Purvis smiles.

The unpretentious Purvis, a graduate of Keble College, Oxford, does take pride in the company's success in Tokyo. "Japan is very open (to foreigners) as long as you are prepared to play by Japanese rules. We've had to be both an international company and a Japanese company," he says.

That means weekend hot-springs parties with clients, heavy rounds of drinking and singing in the Ginza, and regular interviews with the Japanese press. Indeed, an article soon to appear in a Tokyo newspaper identifies Purvis as a prominent rabbit—because 1987 is the Year of the Rabbit and so was 1951, his birth year.

"I prefer to think of myself as the Peter Rabbity-type," says the Warburg man. "All the same, there are things about Mr MacGregor I admire."

Done spooking

In real life, spies do not always meet the unhappy ends that the thriller writers dream up for them.

Klaus Fuchs, the former Soviet nuclear spy inside Britain's top secret atomic research establishment, Harwell, until he was uncovered in 1949, was yesterday feted by the East German leadership on his 75th birthday.

Fuchs, who worked in East Germany's nuclear research institute in his later years, and is a member of the central committee of the country's Communist Party, was a senior researcher at Harwell after helping to build the first nuclear weapon in the US.

He served nine years of a 14 year sentence for spying before being allowed to go to East Germany in 1959.

East Germany's main communist newspaper says discreetly that Fuchs was "Thrown into prison" in Britain for his commitment to "The cause of the peaceful use of nuclear energy."

The East German leader, Erich Honecker, in a birthday telegram to Fuchs, addressed him as, "Dear comrade professor," and thanked him for his "successful, creative work" in the past.

Pedal-point

Heard at City gym: "An exercise bike is a machine that peddles impossible dreams."

Observer

Darkness before dawn

MR PRESIDENT, as a loyal member of your staff, it is unfortunate that I feel I have to send anonymously this memo on your forthcoming State of the Union speech. Over the past year home truths have not been easy to draw to your attention through what have become the normal channels of White House communication.

Let me say at the outset that with events moving so rapidly it has been difficult to imagine precisely what the political background to the address will be, even though it is now only four weeks away.

Perhaps the most significant assumption to be made is that by then you will have appointed a new Chief of Staff.

I personally don't believe Don Regan has done anything wrong —you know what I am talking about. But the fact is the pressure now is just too great — as I gather Nancy has been telling you.

Others in the Cabinet feel that we need to get back to a less hierarchical, more free-wheeling style of government here in the White House, a bit more like the old days, so that you can get a better feel of some of the ideas which the rest of us are kicking around.

So what about your State of the Union speech? We've got some good things to say. I know that may sound hard to believe but it's always darkest just before the dawn.

It seems to me we have three problems. One is your credibility, the second is the mood of the people and the third is that we do not have an agenda for action. If you ask me, all of these factors help to explain why he went down so badly in the mid-term elections.

Let's take the credibility question first. A majority of the American people think you are lying about what you knew about the Iran business. A lot of those that don't, think you forgot. I for one really do not like the smell of these malicious stories that you were under sedation from your operation when you approved the first arms shipment or the sly innuendos suggesting that you are going slowly gaga.

Frankly at his age James Reston's got a hell of a nerve publishing a column in the New York Times from some unnamed quack saying "the ageing process" may explain a lot of the mystery. "What did the President know and when did he forget it," is no joke for us.

So it is time to drop these off-the-cuff comments about only looking at the televised hearings when there isn't a ball game on the tube. People are starting to believe the worst, not the best, of you. Let me add, pictures of you chopping wood at the ranch or pumping iron will not solve the problem either.

Your 1983 State of the Union speech hit just the right tone. "The state of the union is strong," you said, "but the economy is troubled." Then you went on to suggest that we had a plan for tackling the challenges we faced, one which included, by the way, the "stand by" tax increase to reduce the budget deficit. You also called for a bi-partisan approach.

Now I think we have a chance of pulling off something similar in January's speech. The Democrats are keen to cut deals, they do not want to inherit an economic mess in 1988 or to be painted as obstructionists before then.

Moreover there are a couple of big issues out there—the trade deficit and US-Soviet relations—which, if we latch on to them, may draw attention away from our Iran problems. It's an old trick but there is nothing like a summit to knock everything else off the front pages.

Let's take trade first. Jim Baker's right, we can take this competitiveness issue the Democrats have been nibbling at, and, just like we did with tax reform, dress it up in new clothes, stick your name on it and sell it as the way out of our biggest economic problem, the $165bn trade deficit.

Incidentally a lot of people are saying the problem is beginning to be solved. I'm not so sure. But even if the trade numbers are beginning to improve, we are still going to be dependent on foreign capital for years. If the Japanese stop buying up our Treasury bills like there is no tomorrow and start buying real assets instead, look out for a political backlash which will make the mid-seventies scare about Arabs buying up America look like a storm in a teacup.

So we have got to start talking about improving the competitiveness of American industry, investing in education and people, maybe reforming our trade laws to increase the pressure on other countries to drop their trade barriers, and reforming our anti-trust laws to make it easier for companies to work together against foreign competition.

But we also have to be realistic. Competitiveness is an empty shell unless we also get the budget deficit down, otherwise we are not getting at one of the fundamental problems. So next year we do have to be prepared to concede more on the revenue side as part of a budget compromise.

How much and when is a question of tactics. But the alternative is to stonewall as we have done in the past three years and I am afraid that the end result will be that the deficit will not disappear and that when it is tackled a lot of what we have been working for over the past six years will be thrown out of the window.

The other theme we can hit hard is arms control. Now I know we fumbled the ball in Reykjavik and some of our so-called Republican friends—Henry Kissinger for one—keep reminding everybody about it and suggesting it was a bigger blunder than Ollie's free-lancing around the Middle East.

It's not much help to us either to have Sam Nunn saying Thank heavens (no pun intended) for "Star Wars." Your attachment to it at least stopped us giving away the store at the summit, even if he is right.

But the fact is that because we avoided the disaster of having Gorbachev take us up on our ill-conceived proposal to abolish nuclear missiles before we had worked out a conventional arms deal, we are still in business. A lot of the experts around town are saying that the cuts in medium-range weapons in Europe and in long-range ICBMs are something we can still negotiate and still keep the Right happy by hanging on to "Star Wars"—or at least those bits of it which are realistic.

Incidentally Kemp's people would be pleased if we could focus more on Star Wars' practical applications and less on the Peace Shield vision

Finally, we could do something we haven't really done well in the past, which is to link all this together, making the point that we are not blind, that we too can see that a competitive American economy is just as much a strategic asset as 50 new MX missiles. History is not going to be kind to us if we succeed in overthrowing the Sandinista government in Nicaragua but fail to keep the world economy on an even keel while democracy suffocates in half-a-dozen other Latin American countries because of a world recession.

Well there are plenty of other issues we could talk about, but I think you get my drift. Our achievements have been considerable given the difficulty of moving this country very far from the centre. But now let's face it, the ideological pendulum is swinging back and the best service we can do is to put the interests of the country ahead of our political prejudices, stop taking the Fifth, and admit we can read the political wind too. A happy new year Mr President.

... to President Reagan from an anonymous aide (as told to Stewart Fleming) and (right) to Norman Tebbit, chairman of the Conservative Party, from a backbencher, Nicholas Budgen

Stick to Powellism

DEAR NORMAN, forgive me for offering my views in public about the way the Government should behave in 1987. For all the talk about consultation, it is inevitable and right that the decision on the timing of the general election, and on the tone of the campaign and the manifesto, should be taken by the Prime Minister.

I voted for her in the leadership election and I remain an enthusiastic supporter of the general thrust of her policies. However, I fear I am not much good as a courtier. Indeed, though I remember attending one of her meetings of Tory MPs and having some words with her when she was seeking the leadership in 1975, I do not think I have had any conversation with her since. I address this letter to you because I assume you are still influential.

Not that I have anything new or interesting to say—indeed, a Tory Prime Minister ought not to be moved by new or interesting ideas. However, I think my prejudices might appeal to some of her thinking. It seems to me that the most important strands are opportunistic populism, admiration for American and, in particular, republican values, and Powellite views on the economy and occasionally on the nation-state.

I do not have enough cheek to offer the Prime Minister any advice on populism. Her skills in this area are unsurpassed, even without your assistance. I do not wish this country to be transformed into a European imitation of the US. Indeed, I would assert that it is the rôle of political leadership to express the best of a nation's character, but not to change it.

It is the Powellite strand of thought which seems to me the most enduring. Perhaps I may, therefore, offer a few random observations from this standpoint.

A: Nigel Lawson is running a high risk policy with the economy. By the arguments that Mrs Thatcher advanced between 1975 and 1983, there is a danger of inflation taking off again. If you agree with this proposition, then at least two things follow. One, the sooner the election is held, the better. Two, the fewer promises that cost money, the better.

B: At present, we seem remarkably fortunate in our political enemies. The only issue that Mr Kinnock seems to care about strongly is defence and that looks like a sure loser for him.

C: However, I do hope we have a proper manifesto this time. I know you will say that no one reads the manifesto. I know you will also say that a manifesto is just a hostage to fortune. But a manifesto commitment is a spur to those who make it. If you doubt this, reflect on the way the Prime Minister has constantly sought to honour the half-buried promise to reform the system of domestic rating.

Let me suggest a few subjects that might be considered in the manifesto. Firstly, privatisation. So far this seems to be a remarkable success. When one considers the perceived strength of the public sector unions in the 1960s and early 1970s, it is amazing how little effective opposition there has been to privatisation. Surely, the monks complained more at the dissolution of the monasteries. I suggest that you promise plenty more of the same.

Secondly, education and health. Here, any number of excellent ideas are regularly floated around. But I suspect the Prime Minister's caution will prevent her from attempting reforms in those areas. The health service retains the affection of the public. The teachers do not.

> **The extension of home and share ownership has made even the landlord more lovable**

If she chooses to say something radical about education, please at least persuade her not to give any binding commitment to the status quo in health. We shall have to come back to health eventually. I hope the commitment given in education is to the capitation fee system. I once thought that vouchers and other methods of enhancing parental choice were enough. But that was before I had watched a Labour local education authority in some detail.

Wolverhampton Council sees education as a means of employing teachers. It puts forward plans for reorganisation that are designed to be rejected by the Secretary of State. They are rejected. Then the Labour group blames the Tories for preventing the savings they had hoped for.

The proposals for education must reduce the power of politicians. We shall need an expression of popular will in order to dispossess the politicians. Our plans must lead to the reduction of staff and the closing of schools, where parents have shown their disapproval by not sending children to them. Otherwise, extra parental choice will lead to half-empty schools paid for by public funds.

Thirdly, I am delighted to read suggestions that you intend to introduce measures to increase the mobility of labour. When your dad got on his bike, the price of housing in the south-east was such that he had a reasonable chance of buying a home near London. He could also rent accommodation.

Today the unemployed man from Wolverhampton has little chance of buying a house in London. I am delighted that you are at last going to make it possible for him to rent. Housing has been such a wonderful investment for the owner/occupier that many people have provided themselves with more housing than they need.

A free market in letting will encourage accommodation to come on to the market. But please ensure that this proposal is in the manifesto. Those of us who remember Rachman and who were encouraged to draw the wrong conclusions are now a less significant proportion of the electorate. You may be surprised to find how the extension of home and share ownership has made even the landlord more lovable.

I suppose it is ridiculous to suggest that any firm promise should be made about payments to the EEC. It is difficult for outsiders, and provincial outsiders at that, to understand how satisfying and how seductive it is to make speeches about EEC initiatives, to be president and all the rest.

But the tide of opinion has changed. The farming community no longer has exaggerated hopes for the Tories. You would be surprised at the support you would get in the country if you said that the only way to stop the nonsense is to refuse to pay.

Finally, the Government has made a terrible miscalculation over Ulster. I do not support Enoch's more extreme conspiracy theories and I do think there was a mistaken wish to accommodate American views. I thought, in 1985, that Sir Robert Armstrong did not understand provincial or colonial patriotism. 1986 has not changed my view.

Fortunately, few people in England follow the details of policy in Ulster. If the Government were to modify its policy, to give itself room for manoeuvre after the election, few would notice. The abandonment of the Anglo-Irish Agreement and the recapture of 14 or 15 Ulster seats might be the price of a Tory government's survival.

The author is MP for Wolverhampton South-West.

Letters to the Editor

Contested takeovers

From the Chairman, Wider Share Ownership Council.

Sir,—Perhaps I might be permitted to comment on the rejoinders of Mr Rebmann (December 20) and Mr Taylor (December 23) to my letter of December 16.

Taking the latter first, I do not of course for one moment deny that some contested takeovers have operated to the benefit from takeovers over the the shareholders of the predator company. I am also well aware that Hanson Trust is the classic example of this. It is however fair to say that the evidence that shareholders benefit from takeovers over the longer term is inconclusive at best. I am, incidentally, also well aware of the enlightened attitude of Hanson Trust towards wider share ownership.

Mr Rebmann's analysis of the position is one with which I almost entirely agree, although I prefer to think of shareholders as being more interested in rising income than in capital values. The conflict of interest between management and shareholders has indeed become endemic: what takeovers do is to exacerbate it. Likewise, I do not contest the arguments which Mr Rebmann advances in favour of contested bids. My position is simply that the case against them is stronger: the side-effects of the cure are now revealed as worse than the disease.

Mr Rebmann understandably challenges me to propose an alternative. I have at least a partial answer. Contested takeover bids do not appear to be a prominent feature of the situation in West Germany or Japan, but I am not under the impression that industrial management in those countries is particularly unenterprising

Edgar Palamountain,
94 St Paul's Churchyard EC4.

Cash in hand

From Mr N. Stacey

Sir, — The aftermath of Nimrod has become a conduit for critical allusions to GEC's acquisition policy, questioning Lord Weinstock's sagacity in desisting from buying companies, (at what he believes are inflated prices?). May I explain what I perceive are the roots of resistance on the part of some industrialists in pursuing today's much applauded "high speed" policy of acquisitions. Twin impulses are at work here — one prudent the other illusory.

The prudent impetus: this stems from a desire not to overpay; in family controlled companies, in firms where the directors have a substantial shareholding the allures of overgenerosity when acquiring are in a minor key.

The illusory impetus: many acquisition opportunities are considered, but in companies with important family or board shareholding the board is usually overcautious over price. One side of the coin of such firms' financial circumspection in that as a result of their tireless search their first company acquisition quite often proves a very good buy; the other side of the coin is that they continually strive but rarely succeed in repeating their first acquisition success. Attempts at perfectibility in purchase should be discounted; such buys do not often repeat — a fact which should be an early lesson in an industrialist's catechism.

Why should the cash mountain of companies such as GEC — accumulated from profits and not from demands made on shareholders — be axiomatically spent on acquisitions? Some may argue that company cash accumulations should be channelled for a purpose or that cash should not be hoarded indefinitely.

It pays to remember however, that some of the most successful British companies, household names, have long resisted the charm of acquisitions. Some companies maximise their growth from the inside, others expand by maximising their acquisitions. Thus, the comfortable current day wisdom that acquisitions — particularly the spectator sports variety — necessarily reflect corporate virility needs cerebrating over a little longer.

Nicholas A. H. Stacey,
Reform Club,
Pall Mall SW1.

Insider dealing

From Mr D. Sheppard

Sir,—Isn't it about time that the City stopped pussy-footing about with regards to insider dealings?

It would be naïve of them to think that they are ever going to stamp out this practice while the system of buying shares in nominee names exists.

It is extremely difficult to look at a nominee holding and ascertain either the number of individual clients investing or, more importantly, their identity. If, indeed, it was made law that anybody buying shares must do so in their own names then at least it could be seen where large share stakes are coming from.

Insider dealing will never be totally stamped out because of some brokers' close associations with their company clients but I do feel that by stamping out the nominee "name" it would at least go some way to alleviating the situation.

D. G. Sheppard.
Vaguely Noble,
Newbury Lane,
Compton, Berks.

Airport planning-a potent creator of myths

From Mr R. Powrie

Sir,—With the Stansted go-ahead little more than a year old, the Air Transport Users' Committee invites us to believe (December 12) that airport capacity in the south east is again about to face a crisis. One wonders if any topic is so potent a creator of myths as airport planning. Examples from Hansard and other public debate over the past two or three years follow.

Unless London's airports are expanded to meet maximum demand there will be wholesale desertion to Paris, Amsterdam and Frankfurt. Would this were true. Schipol, for example, is handy if you live in Norwich, but for the most part continental airports serve different markets and their "threat" to London is marginal.

London needs more tourists. Admittedly, visitors make a welcome contribution to the economy—but does anyone who believes we need more of them in London ever go into the West End between May and October.

People want to use only London. A self fulfilling prophecy. Manchester's example indicates that once a threshold size of a few million passengers a year is reached growth becomes self sustaining. Manchester is not practicable for southern England, nor is there any single southern alternative to London. But expansion, or if necessary, new sites at Bristol, Southampton, East Midlands and Birmingham in concert could provide capacity for 10m-20m "London" passengers in the medium term. But the investment would have to precede the demand, as was the case at Stansted.

People must be free to use the airport of their choice. It's not clear what this slogan actually means; a guaranteed seat on any plane at any time? Capacity is limited for roads, restaurants and opera houses; why should airports be any different?

Freedom of choice doesn't seem to apply in Scotland, where the government forced transatlantic flights to use an airport with poor surface access, which just happened to lie in the constituency of the then Secretary of State. The result: while numbers travelling on scheduled flights between London and North America rose by 30 per cent or 1m in 1980-1985, numbers travelling directly from Scotland halved. In other words all the growth in Scotland's traffic and more —say 150,000 passengers—was diverted via London. Everyone who transits unnecessarily through London puts a double burden on the airside facilities: two flights per transit.

The chief business of airports is to enable people to travel by air. Not so. The accounts show that the chief business of airports is car parking, duty frees and selling cups of coffee. These made a profit of £100m at London's airports last year. The air side of the business, which accounts for the bulk of the investment, lost £20m.

Duty free will be with us for ever. Are we really going to maintain customs barriers between London and, say, Paris or Malaga just so that we can all carry our duty frees past them? The effect of "Europe sans frontières" on British Airports Authority's finances could be severe: about 15m of their passengers travel to other EEC countries. Large amounts of capital have thus been invested in airside facilities which are ultimately remunerated by a vulnerable income stream. The BAA share prospectus should make interesting reading on the point.

British airports doesn't cost the taxpayer a penny. A grade A economy of the truth, given BAA's heavy dependence on a tax concession. Perhaps a future chancellor will decide to auction the right to sell goods free of duty—once BAA is off the books, though 30p a bottle off High Street sales would be fairer and save a lot of trouble. (Personally, I'd rather fuel was carried in the aircraft's tanks than in litre bottles scattered throughout the cabin.)

Such myths matter because they obscure decisions involving many millions of pounds and affecting the everyday lives of millions of people. The normal restraint on demand, via free market pricing, would give huge monopoly profits to BAA and has rightly been ruled out. But unless the price mechanism is replaced by a degree of artificial restraint demand will rise unabated. There is no evidence that anyone would be much the worse if capacity at London were limited to say 80 per cent or 90 per cent of demand. London would still be more than adequately served: peak loading would be spread and services to the rest of the southern half of the country would improve very substantially.

Rhoderick Powrie.
Brookfield, Bells Yew Green,
Tunbridge Wells, Kent.

FINANCIAL TIMES
Tuesday December 30 1986

Wendy Levy reports from a town caught in the crossfire of a bitter civil war

Hunger and hatred in Southern Sudan

THE AIRCRAFT circled low over the town, then turned and headed across the Nile to Khartoum. A flash of light, an explosion, a billow of black smoke dark on the horizon. A civil airliner had just been shot down, over Malakal in war-torn southern Sudan. The date: August 16.

All civilian flights to the town were halted. Land and river travel were out, the SPLA (Sudanese Peoples Liberation Army) presence making impossible a journey that is always difficult in the wet season. Along with 80,000 townspeople, many of them displaced from village homes by the civil war, I was stranded in Malakal. Four months later, I got out.

The first weeks were tense, as an SPLA attack seemed imminent, some people sought to escape the SPLA by leaving town. Others poured in from the rural areas, seeking safety from the army-backed militia group, Anyanya Two. They brought reports of indiscriminate killing in the villages, crops and huts burned, looting and theft of cattle.

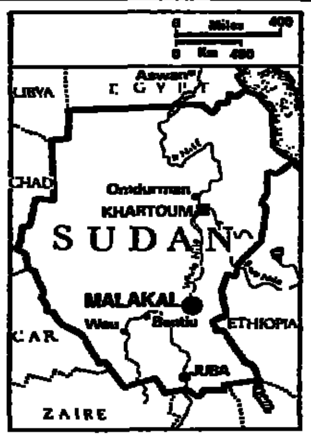
In Malakal, there was an eight o'clock curfew and gunfire every night. The army itself stayed quietly inside the town.

Malakal was hungry, the harvest not yet ready and in any case depleted by the fighting. The last convoy of barges from the north had reached the town in April. The black market flourished as the staple dura (sorghum) increased 12-fold in price. There were no beans, flour, cooking oil, fruit, milk powder, few vegetables. Meat and fish supplies could not cope with the increased demand and prices rose accordingly. I ate relief rice and pumpkin and still the barges did not come.

Last August our correspondent in Khartoum, Wendy Levy, became one of the few Western correspondents to visit Sudan's war zone, shortly after rebels shot down a civilian aircraft, killing all 60 people on board. Four months later she emerged from the isolated southern town of Malakal to tell her story.

For three years southern Sudan has been in the grip of a war waged by guerrillas of the Sudan People's Liberation Army (SPLA), led by Col John Garang, against the government of Prime Minister Sadiq el-Mahdi. The conflict has effectively divided the country between the Moslem north and the rebel-dominated largely Christian south, where up to 3m people have had their lives disrupted by a combination of war and food shortages.

There are few signs that the Khartoum Government is prepared to concede rebel demands for the abolition of Shari law and the introduction of a secular constitution, yet the stalemate undermines the Government's efforts to revive the country's struggling economy.



Yet there was little condemnation of the SPLA's action in shooting down the airliner, although most people in town had known someone on the flight. These people had been living with the realities of civil war for three years and the deprivations of underdevelopment for much longer. From top to bottom, the town was against the fighting, yet no-one in Malakal had much faith in the central Government.

After three weeks, army flights to Malakal resumed, a Hercules or Buffalo helicopter flying in on average every 10 days. Outside, the relief agencies were having problems getting the ill-fated Operation Rainbow off the ground. The emergency supplies for the stricken region never reached us.

The army aircraft brought ammunition and supplies for the army. They brought cigarettes for sale on the black market and took back wounded soldiers and army personnel going on leave. They brought no urgently needed medicines for civilians, no milk powder, no high energy biscuits.

There was pandemonium at the airport each time an aircraft came into town. I was among the hundreds of government workers and students trying to get a flight out on the army aircraft. Twice I made it right up to the back of the Hercules. The faces of my fellow prisoners become familiar to me. Few of us managed to leave the town..

Each evening, a straggling procession of long-horned cattle passed by my home by the river. Cows are an integral part of the local economy, a necessity for the marriage settlement, and people preferred to keep their cattle in the safety of the town. Day after day went by, and still no barges. No Operation Rainbow. I volunteered as a teacher, not knowing when I would leave Malakal.

The agencies in Malakal formed an action committee and visited each of the 16,000 homes. Most people live in thatched mud huts without water, electricity or sanitation services. Nutrition surveys showed that 25 per cent of the children under five were malnourished, and small amounts of food remaining from the February relief consignment were distributed. "I've never seen such a well organised distribution system", commented an Irish aid worker, also stranded in Malakal. Two clinics for severely malnourished children were set up, staffed by government doctors and nurses. But soon there was no food left to give out.

Hospitals, schools and government departments continued to function, although workers' salaries were often months late. Adults ate less so that their children would live. But the smallest and weakest were easy prey to malaria and gastro-enteritis – there was no chloroquin, no anti diarrhoeals, no penicillin in town.

The tension eased a little in late October as a few vegetables drifted into the local market. In early November, under heavy military escort, the barges from the north finally arrived. The town had a party, prices fell, we ate onions for the first time in months. But the party was soon over and the black market is in full swing again. Those who can, try to hoard commodities. But for most this is impossible: how can we pay £20 for a bar of soap?

Colonel Pio Yukwan Deng, acting governor of Upper Nile, said that further trips by barge would bring an end to the black market. But the convoy was attacked on its return trip to the north and who knows when they will come again. Agencies now have a buffer stock, which they are keeping for March's expected food shortages.

For the people in Malakal there is little hope that next year will be a good one. "All we can do is pray for peace."

THE LEX COLUMN

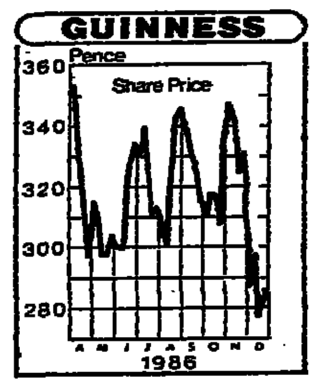
A question of ownership

The principles of natural justice dictate that sentence should not be passed on a suspect before the courts have heard the case. Similarly, those institutions who have backed Mr Ernest Saunders through thick and thin have so far been unwilling to call for his head until the Department of Trade and Industry has completed its investigations. But these could take many months. And meanwhile fresh news – almost daily – emerges which pushes the Guinness share price further under the water.

The latest allegation is that Guinness itself secretly acquired some of its own shares at a price above the market, in order to fulfil an agreement involving Morgan Grenfell and Henry Ansbacher to indemnify Ansbacher clients who had supported the Guinness share price during the bid for Distillers. It is no longer enough for Guinness and Morgan Grenfell – both so assiduous at courting the media during the battle for Distillers – to restrict themselves to pious "no comments". If they are not able publicly to refute – and that does not mean merely to deny – these latest suggestions, then the City has every right to pass its own judgment ahead of the DTI's weighty deliberations.

If the affair was not so upsetting it would almost be comical. The idea that Ansbacher, which had formed a relationship of mutual detestation with Guinness during the battle for Arthur Bell, should have been involved in covert support for Guinness against Argyll is bizarre, particularly if it is true. There is also the guest appearance of the genuine bouncing Guinness dividend cheque which nobody wants on the premises when inspectors from the DTI call.

The more the DTI/Guinness story unravels, the more it seems to revolve around the possibility of undisclosed concert parties – on both sides of the Atlantic. And as a result of yesterday's allegations the City will more than ever want to know the reason behind the purchase of millions of Guinness shares by the Distillers' pension fund just after Guinness took control of Distillers.



Racal

The one indisputable fact emerging from Racal's buyout of the 20 per cent minority in its Vodafone cellular telephone subsidiary yesterday is that this is a business in which valuations depend more on hope than experience.

Vodafone will make nothing at the pre-tax level this year, and no-one has any idea how long it can keep up its present rate of growth of 1,000 new subscribers a week. Yet Racal is paying about 25 times next year's projected earnings simply to win undisputed control; and at a price of $130m for the minority, is putting a value on Vodafone which amounts to 40 per cent of its total market capitalisation.

How Racal arrived at that valuation is anyone's guess – Sir Ernest Harrison, while characteristically positive that he had struck a hard deal, would say nothing about the analysis that went into it. But the city, floundering in the doubtful mathematics of projected subscriber bases, was more or less willing to give him the benefit of the doubt yesterday, pushing the shares up by 1p to 182p.

For one thing, Racal has probably squeezed the best price it could out of Millicom, its US partner, at a time when the US group is anxious to pull in some capital gains before the new tax law becomes operative; for another, Racal still has a healthy reputation for picking winners.

Even without Vodafone, the City was expecting a substantial profits recovery this year due to cost-cutting in US data communications. The upgrading of Racal's own earnings forecasts for its cellular activities means that well over a quarter of pre-tax profits could be coming from this sector within two years if the group makes the £170m or so that the City is going for. These are heady, and risky, figures to play with – but then that is what new technology is all about.

Marks and Spencer

Not for Marks and Spencer the Halpern or Conran-style mega-bid nor the razzle-dazzle launch of a new chain à la Boots. So yesterday's news that a tentative toehold had been chipped out in the US is about as startling an announcement as Marks is capable of, barring its six-monthly results. Marks' cautious approach to expansion has earned it few brownie points in the City in recent years and meanwhile the group's traditional p/e premium to the sector has shrunk markedly.

Marks is regarded as having reached maturity in its home market while failing to take up the running overseas. Whether the former is true is debatable; product diversification, modernisation and store openings in different types of locations ought to keep profits growth comfortably ahead of inflation yet awhile. But the second accusation bears more weight. Over a quarter of Marks' selling area is now located abroad but only 5 per cent or so of profits are derived from outside the UK. Brokers are not noted for patience or tolerance when a company takes 10 years and more to get a new venture right, suffers small but annoying losses, and admits to making mistakes, even if it learns from them. And with Canada making an interim loss once again there are lingering doubts about that business.

The commercial graveyards of Europe and the UK are littered with UK retailers who have failed to export a winning formula. At least Marks' cautious approach to the US market will cost shareholders little if it fails. And as the first stores will be clones of the successful D'Allairds chain and only just across the border, Marks is hardly taking a risk. Persuading the typical American to shop in a Marks-type store, with food and clothes jostling for space, may prove much harder. Any rewards will be long in coming, but at least the US should not be the running sore in the 'eighties that the earlier foreign adventures were in the 'seventies.

Iran confident of claim on US assets

BY LIONEL BARBER IN WASHINGTON

US and Iranian bankers met behind closed doors in The Hague yesterday in an effort to resolve Iran's claims to $500m of assets frozen in the US.

One Iranian official claimed the an agreement between the two sides could come "in the next two days," but the US State Department was far more cautious about the prospects for the talks.

In the dispute, Iran claims that at least $500m was frozen by the US in retaliation for the seizure of American hostages held by Islamic extremist for 444 days in the US Embassy in Tehran in 1979.

Iranian Government leaders have suggested that if the dispute is resolved, they could intercede on behalf of at least five American hostages held by pro-Iranian guerrillas in Lebanon.

A US State Department spokesman insisted yesterday that there was no link between the frozen funds and the hostages.

Last August, the Iran-US Claims Tribunal in The Hague ruled that Iran was entitled to $500m, falling into two categories: Iranian overpayment of interest to US bank syndicates, and payments for weapons ordered by the Shah of Iran, who was overthrown in 1979.

The US has accepted the tribunal's judgment but is concerned to remove Iran's right to more claims for compensation following the freezing of assets. The tribunal has solved some 900 out of 4,000 claims cases, but among the claims waiting to be considered is one of $11bn by Iran over alleged defaults by the US on military contracts.

The US is represented at the talks – the third round since the August judgment – by US Treasury and Federal Reserve officials. The $500m is held in an account at the Federal Reserve Bank of New York.

US plans action over grain sales to Spain

BY OUR WASHINGTON CORRESPONDENT

THE US Government is expected to announce today that it will take retaliatory measures against the EEC because of lost US grain sales to Spain.

The announcement marks a tough response by Washington to an EEC request for a one month postponement of the December 31 deadline for settling the trade dispute.

The Reagan Administration is not expected to specify what sort of retaliation it is proposing, leaving open the possibility for both sides to resume talks.

According to a senior European diplomat in Washington, the White House will instruct Mr Clayton Yeutter, US Trade Representative, to draw up a list of retaliatory measures by the middle of January. These would be published in mid-January but not implemented until the end of the month.

US officials estimate the loss of grain sales to Spain – consisting mainly of maize and sorghum for animal feed – at up to $500m a year, and say the dispute is potentially the most serious trade row of recent years.

They are demanding guaranteed access to the Spanish market for US feed grains at levels which the EEC maintains are above total Spanish import needs.

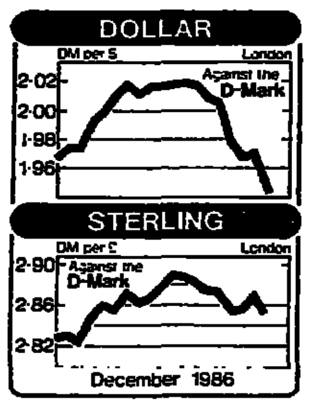
The community insists that Spain should meet its needs largely from EEC sources like France and the UK, while the US will get compensation in the form of higher industrial sales. The dispute reflects the difficulties the community is facing with adapting to Spain, a new member and heavy agricultural producer.

The US is also expected to announce today that it is extending talks with Brazil in an effort to resolve a separate trade dispute over Brazilian investment in minicomputers and mainframe computers, and alleged infringement of copyright covering US software.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	12	54	Dubrovnik	F	8	46	Malta	C	14	57	Rhodes	S	9	48
Algiers	S	16	61	Edinburgh	R	3	37	Manchester	F	10	50	Rio de J'o	R	31	87
Amsterdam	C	9	48	Faro	S	14	57	Manila	S	31	88	Rome	C	14	57
Athens	S	11	52	Florence	F	6	43	Melbourne	S	19	66	Salzburg	Cl	9	48
Bahrain	S	21	70	Frankfurt	R	9	48	Mexico City	C	23	73	San Francisco	C	8	46
Bangkok	S	32	90	Funchal	C	18	64	Miami	C	16	61	Seoul	F	−1	30
Barcelona	S	11	52	Geneva	C	4	39	Milan	S	10	50	Singapore	R	25	77
Beirut	—	—	—	Gibraltar	F	15	59	Montreal	C	−1	30	Stockholm	C	−1	30
Belfast	R	9	48	Glasgow	R	3	37	Moscow	F	−14	7	Strasbourg	C	10	50
Belgrade	C	7	45	Guernsey	C	11	52	Munich	C	7	45	Sydney	F	25	77
Berlin	R	9	48	Helsinki	Sn	−11	12	Nairobi	F	25	77	Taipei	S	21	70
Biarritz	S	12	54	H. Kong	F	17	63	Naples	F	11	52	Tangier	S	17	63
Bombay	S	27	81	Innsbruck	C	5	41	Nassau	C	28	80	Tel Aviv	F	15	59
Bordeaux	S	13	55	Inverness	R	3	37	New Delhi	S	17	63	Tenerife	S	20	68
Brussels	C	10	50	Islamabad	C	18	64	New York	F	4	39	Tokyo	R	9	48
Budapest	R	2	36	Istanbul	F	4	39	Nice	S	12	54	Toronto	C	0	32
B. Aires	S	26	78	Jakarta	R	31	88	Nicosia	R	16	60	Tunis	C	13	55
Cairo	F	17	63	Jersey	C	11	52	Oporto	S	12	54	Valencia	S	11	52
Cape Town	S	25	77	Jo'burg	F	19	66	Oslo	S	−5	23	Venice	S	4	39
Caracas	S	24	75	Lima	C	28	81	Paris	C	11	52	Vienna	F	9	48
Casablanca	S	17	63	Lisbon	S	9	48	Peking	S	−5	23	Warsaw	R	3	37
Chicago	F	−2	28	London	R	10	50	Prague	C	6	43	Washington	F	−3	27
Cologne	R	9	48	Los Angeles	S	9	48	Reykjavik	S	−4	25	Zurich	R	5	41
Copenhagen	S	5	41	Luxembourg	R	7	45								
Corfu	S	14	57	Madrid	S	5	41								
Dallas	—	—	—	Majorca	S	15	59								
Dublin	C	9	48	Malaga	S	15	59								

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder



$ slides to six year low

By Janet Bush in London

PESSIMISM about US economic prospects pushed the dollar to its lowest level for nearly six years yesterday in a surprisingly active session given that many leading players in the foreign exchange market are still on holiday.

The D-Mark and the yen gained most from the dollar's weakness and rose sharply. The dollar ended in London yesterday at DM 1.9425 compared with the close on December 24 of DM 1.9695. It also fell to Y159.00, compared with Y161.95.

Traders and investors have been selling dollars ahead of tomorrow's US trade figures for November, which are expected to show a widening in the deficit to between $12.5bn and $13.5bn compared with October's $12.1bn.

The persistence of a very substantial trade gap, despite the dollar's huge depreciation over the last year is one of the major concerns in the foreign exchange market, and a disappointing figure tomorrow is likely to carry more weight than another healthy rise in US leading indicators expected to be reported today.

The D-Mark had already gathered strength in recent weeks but the initial focus of yesterday's session was widespread selling of dollars against the yen in Tokyo.

The move appeared to have been triggered when Mr Satoshi Sumita, Japan's central bank governor, said that Japan could tolerate a slide in the dollar to around Y159 to Y160. The Japanese currency has traded within a narrow range between around Y161 and Y164 since the US/Japan agreement two months ago to stabilise their currencies.

The dollar selling continued in Europe and spread to other major currencies. Foreign exchange dealers said the market had been attempting to push the dollar lower for some time but that yesterday's decline was probably exaggerated by the thinness of the holiday market.

Sterling, which has been bought quite heavily in recent days by large companies and UK investment institutions which are repatriating overseas profits before the end of the year, also benefited from the dollar's decline. It closed at $1.4685

The pound was also helped by a rise in oil prices in response to news that Saudi Arabia and Kuwait intend to return to a fixed price system on February 1

Peking students defy ban on marches

BY ROBERT THOMSON IN PEKING

CHINESE STUDENTS marched through the streets of Peking yesterday in defiance of a new law banning spontaneous demonstrations. They chanted slogans calling for "liberty" and "democracy."

Students from the Peking Normal University, which is a teacher training college, began the five-mile march at about 2am and walked to Peking University, People's University and Qinghua University banking drums and encouraging their fellow students to join them in the protest. An official at Peking University urged students to stop the march, but to no avail.

The students were confronted by about 50 police, who formed a wall to block the marchers, but then let them through in what was the second demonstration in the Chinese capital since the spate of protests began three weeks ago. The students yesterday marched for five hours in cold of 10 degrees below zero, with some calling for a multi-party system of government.

Unusually, yesterday's Peking Evening News carried a report of the march, showing, diplomats say, that the Government is concerned that students and other Chinese have relied on the voice of America and other foreign newsagencies for news of protests. The paper reported that about 200 to 300 students took part, while many other students were said to have rejected the protesters' overtures. A Foreign reporter who witnessed the demonstration put the number at 3,000.

The protest challenges the new march law, promulgated on Friday, requiring organisers to give police five days notice of any protest and to give specific details on the number of people, the route and the duration. Organisers must also state their names, professions and addresses, and are supposed to receive written permission from police before proceeding.

Diplomats are waiting to see how the Government will take the affront. Clearly, police had again been instructed to keep a low profile in the hope that the protests will die out, and the Government is reluctant to give the demonstrators a new focus by arresting students.

However, the Chinese press took a noticeably tougher line yesterday, with the Peking Daily warning that people using cultural revolution-style tactics in an attempt to bring down the Communist Government are liable to a maximum of five years' imprisonment. The paper also said people guilty of writing posters that slander others or the Government are liable to a maximum of three years imprisonment, and suggested that some protesters have already committed such crimes.

Posters continued to appear at Peking campuses, with hundreds of students at Peking University taking notes and discussing new messages.

Shamir cleared

Continued from Page 1

ers and more by the accountability of the security service. Most Israelis accept that, because of the special circumstances in which they find themselves, exceptional methods have occasionally to be used to combat terrorism.

The report establishes probably the definitive legal conclusion to the affair. But the political ramifications may not yet be over. Mr Shamir is most exposed politically.

General Zorea said that when Mr Shamir saw that Mr Shalom and his Shin Bet officers had conspired in the cover-up, they should have been suspended from duty. He also criticised the President for giving the men pardons

One Labour Minister, Mr Yaacov Tsur, has expressed concern about the question of ministerial responsibility. Other Members of Parliament have charged that Mr Shamir is incompetent as Prime Minister since he cannot control the security service, which is meant to answer to him.

Guinness share deals

Continued from Page 1

bacher clients at the suggestion of Lord Patrick Spens, Ansbacher's managing director and formerly a senior executive at Morgan Grenfell. The clients bought the shares and helped to boost the Guinness share price on the understanding that they would be able to resell them at no less than their purchase price, even if the price in the stock market fell. In fact, their average purchase was around 355p, the price at which Guinness bought the shares back on April 18.

Ansbacher has claimed that the Morgan Grenfell corporate financier, Mr Roger Seelig, who was the chief Guinness adviser during the bid, gave an informal undertaking to buy back the Guinness shares so that the purchasers would suffer no loss. Such undertakings have been given, typically on an informal verbal basis, by merchant banks during other takeover battles, although their use has declined since the Takeover Panel ruled last month that Hill Samuel had breached the Takeover Code by making such arrangements.

Morgan Grenfell said last night that neither it nor Guinness had made any formal agreement to indemnify any Guinness share purchasers against loss, although he did not rule out a less formal arrangement.

The illicit giving of financial assistance by a company for the purpose of buying its own shares is defined broadly in the Companies Act, which would catch even an informal arrangement.

The Companies Act allows a public company to buy in its own shares only if it has had recent permission from a general meeting and informs the registrar of companies of all the details of the purchase within 28 days.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday December 30 1986

Cerus to raise FFr 2bn to boost position in UK

BY GEORGE GRAHAM IN PARIS

CERUS, the French holding company of Mr Carlo De Benedetti, the Italian financier, is to raise FFr 2.1bn ($324m) of new capital in an operation aimed at preparing for acquisitions and strengthening the company's position in the UK.

The capital increase is expected to be supported by all Cerus's main shareholders, the company said yesterday, but is also expected to lead to an increase in the 3 per cent holding of Mr Pierre Moussa's Pallas Group and to the entry of British banking interests.

S. G. Warburg, the London merchant bank which already has close ties with Mr De Benedetti, is among the banks likely to subscribe to the new issue of Cerus shares.

Warburg owns a stake in Cofide, the Italian entrepreneur's principal holding company, and earlier this month it was disclosed that Mr De Benedetti's Swiss holding company, Compagnie Financière de Genève, had acquired a 2.2 per cent stake in Warburg itself.

In addition to Warburg, Barclays Bank, the London clearing bank, is expected to take a stake in Cerus through the new issue.

Officials in Paris indicated that the links with Warburg and Barclays would help Cerus's to undertake more active investments in the UK.

Cerus is more than doubling its nominal capital to FFr 1.95bn by issuing 3.16m new nominal FFr 200 shares at FFr 675. The operation is led by Banque Indosuez, whose parent company is one of Cerus's main shareholders. Cerus' shares were trading in Paris at FFr 760 yesterday.

The capital increase was signalled earlier this month when Cerus backed Yves St Laurent, the fashion house, in its bid to take control of the Charles of the Ritz perfumes group.

Mr De Benedetti's company now owns a 37 per cent stake in Yves St Laurent SA, as well as 12.5 per cent directly held in Yves St Laurent International, through which the Charles of the Ritz purchase was carried out.

In addition, it controls Valeo, the leading French car components group.

The new capital is expected to be used for further acquisitions in France and overseas.

Racal buys out partners in Vodafone telephone network

BY TERRY DODSWORTH IN LONDON

RACAL, the UK electronics group, is buying out the minority partners in its Vodafone cellular telephone network in a $161m cash and share deal aimed at giving it greater flexibility in overseas markets.

The agreement with Millicom of the US and the Hambros banking group, was hailed yesterday by Sir Ernest Harrison, Racal's chairman, as an opportunity to consolidate the company's grasp in one of the "fastest growing areas of electronics."

It was accompanied by a set of buoyant growth forecasts which indicated that Racal's trading profits from the cellular business would jump from £10m ($14m) in the current year to £34m in its next financial year and to £57m in 1988-89.

Sir Ernest described the cellular business, which the company entered only two years ago, as "outstandingly successful." He said that Racal had just over 50 per cent of the UK cellular telephone network business with 63,000 subscribers, and said that the company was working to achieve a significant position in the developing market on the European continent.

"In buying the minority interests we shall have total flexibility in determining our strategy for the development of our telecommunications business," he said. Expansion on the European continent, where government authorities were working towards a set of common standards, would inevitably involve taking foreign partners.

In the City of London, news of the buyout was greeted cautiously, with Racal shares advancing by 2p to end at 182p after an earlier fall.

While an announcement on the future of the cellular business had been expected, many analysts had anticipated that Millicom, the US telecommunications equipment manufacturer which owns 15 per cent of Vodafone, would be selling its stake to another US group rather than Racal.

Under the terms of the deal, Millicom is to receive $30m in cash, of which half will be payable in January 1983, in return for the cancellation of its 10 per cent pre-tax royalty and service fee.

The US group will receive a further $98m in Racal shares, while Hambros Advanced Technology Trust, which holds 5 per cent of the Vodafone interests, will be given shares valued at $32.7m.

The share issue will create 52m new shares, and give Millicom and Hambros combined a little under 10 per cent of the Racal equity.

Racal is one of the two companies, along with Cellnet, the British Telecom subsidiary, licensed to provide a cellular radio network in the UK. It refuses to give revenues from the business, which involves linking car telephones to the public network through a series of broadcasting cells connected to the mobile telephone.

It says it is taking on about 1,000 new subscribers a week in net terms, well above the original expectations of the industry.

Dumez to raise FFr 750m

BY OUR PARIS CORRESPONDENT

DUMEZ, the French construction group, is to raise FFr 750m ($115.9m) through the issue of bonds with warrants.

The group, which has already made a number of acquisitions this year, said the issue was needed to enable it to take advantage of the numerous opportunities that arise. It was already working on a number of dossiers, but wanted to be ready for unexpected chances.

Dumez, a member of the Eurotunnel consortium involved in the construction of the English Channel fixed-link crossing, has so far in 1986 taken a 9 per cent stake in the major French construction group GTM-Entrepose, as well as acquiring control of the Ribourel property group from Crédit du Nord, the commercial banking subsidiary of the soon to be privatised Paribas group.

It has also taken over United Westburne, the Canadian equipment manufacturer, in a move that took it away from its usual circuit of activities in construction and property.

The acquisition, which cost C$217m (US$158m) has helped to deplete Dumez's liquid assets, which stood at around FFr 3.5bn at the end of 1985.

Dumez is expected to record net consolidated earnings of around FFr 490m this year on turnover of about FFr 9bn.

The company is issuing 150,000 bonds of FFr 5,000 nominal at par, with a coupon of 5.75 per cent a year. Each bond will carry two warrants, exercisable at FFr 1,900 between February 15 1987 and February 15 1991.

Share swap offer for Israeli group

BY ANDREW WHITLEY IN TEL AVIV

THE ISRAELI Government has received an offer from Mr Shaul Eisenberg, the Hong Kong-based Jewish multi-millionaire, to swap his minority shareholding in the state-controlled Oil Refineries for an equivalent value of shares in the oil-based Paz group, which had sales equivalent to over $1bn last year.

The government has a 75 per cent equity holding in the Paz group, which has 30 subsidiaries, notably the Paz Oil Company, Israel's leading fuel distributor, controlling about half the local market.

The sale of Paz to the private sector, under discussion for the past three years, is widely regarded as a test of the government's seriousness in its declared plans to privatise 12 state-controlled companies soon.

Later a further 20 companies, including such major names as El Al, the national airline, and Israel Shipyards, could also be sold on present official thinking.

Welcoming the Eisenberg proposal, made through the Israel Corporation, the holding company for the multi-millionaire's Israeli interests, Mr Moshe Shahal, the Israeli Energy Minister, said recently that the offer could facilitate his announced intention to open up the tightly controlled domestic oil market to greater competition.

As part of the Ministry's liberalization moves, the private sector has been invited to bid for the government's 75 per cent interest in Oil Refineries, the Haifa-based monopoly refiner of crude oil. From Thursday, major purchasers of refined products from the refinery will also be permitted to import crude on their behalf.

Confirming the share swap offer, Mr Aharon Zeller, Israel Corporation's managing director, said he believed the proposal, made several months ago, was a good one. But as he had not received a response from the government, he assumed the state was not interested in selling only part of Paz.

The Israel Corporation holds a 26 per cent equity interest in the Haifa refinery, with the balance owned by the state. But the market value of its shares has yet to be assessed.

Mr Eisenberg holds 75 per cent of the equity of the Israel Corporation, which in turn controls 60 per cent of Zim, the national shipping line.

Informally, government officials have indicated that they hope to raise well over $100m for Paz, which reported a doubling of net profits to $11.7m in the year ended March 1986, from $5.1m the previous year.

Concern has been expressed that the Energy Ministry's shake-up of the cartel which controls Israel's fuel distribution industry could adversely affect the government's prospects of selling Paz. But, in an interview, Mr Shahal said that any serious purchaser would insist on opening up the market.

Mr Ze'ev Refuah, the private businessman brought in to head the government companies authority, said recently that he had written to several interested purchasers from abroad, following the completion of the first "international standard" prospectus ever prepared on an Israeli state company.

He hoped to draw up a short list of likely purchasers next month, and conclude the sale negotiations within the following six months.

Fraud investigations at OUB

BY DAVID DODWELL IN HONG KONG

SENIOR OFFICIALS from Singapore's Overseas Union Bank (OUB) were in Hong Kong yesterday investigating alleged fraud involving letters of credit in the billing section of its main Hong Kong branch.

Officials in Singapore and Hong Kong were unwilling to indicate the scale of the fraud, but the bank has said that provisions will be necessary which will trim annual after tax profits to about S$7m (US$3.1m) profits for 1985 amounted to S$34m.

Hong Kong's banking commission has been informed of the investigation, which comes after two years in which the British territory's banking sector has been shaken by a total of seven bank rescues.

News of the investigation is unlikely to unsettle confidence in the local banking sector unless it is found to be linked with other banks based in the territory. At present, it is understood that only one member of OUB's Hong Kong staff is being investigated.

This OUB investigation comes at an unsettled time for Singapore's banking sector, however. The National Bank of Brunei (NBB) has filed a number of writs against Tan Sri Khoo Puat, one of the territory's most prominent banking figures, for recovery of loans, and it is feared that these moves may have a domino effect on local banks.

The NBB has served writs against several companies in Hong Kong that are controlled by Khoo Teck Puat. These writs, which are to be contested, are due to be heard on January 12.

Avesta bourse launch revived

By Kevin Done in Stockholm

NORDSTJERNAN, the privately owned Swedish industrial conglomerate, has revived plans to launch Avesta, its majority-owned stainless steel subsidiary, on the Stockholm Stock Exchange, only two years after the failure of a previous attempted flotation.

Avesta, one of the leading European stainless steel groups, is 67 per cent owned by Nordstjernan, the Johnson family-dominated conglomerate, 20 per cent by A. Johnson and Co., the trading group, and 13 per cent by Skandinaviska Enskilda Banken, the leading Swedish bank.

S-E Banken was left holding a significant part of the Avesta equity at the end of 1984, when a share issue it had guaranteed had to be withdrawn after a collapse in Avesta profits.

Avesta, which was formed at the beginning of 1984 through the merger of Sweden's remaining stainless steel producers, has gone through a painful period of restructuring, but its fortunes have recovered this year.

In the first eight months of 1986 it achieved profits (after financial items) of SKr 122m ($17.9m) compared with a loss of SKr 38m in the same period last year. Mr Gunnar Engman, Avesta chairman, said that profits should reach a level of SKr 400m to SKr 500m "in two to three years."

As a first step in widening the ownership of the company – subject only to a final decision being taken in mid-January – several blocks of shares are to be placed with institutional investors by Alfred Berg, the Stockholm stockbroker.

At the same time certain key executives in Avesta are to be offered convertible loan stock by A. Johnson and Co. totalling SKr 20m.

The institutions will be offered 4.5m units at SKr 20 per unit each comprising one share and an option to buy a convertible for SKr 20.

During the spring next year it is planned that the stockbroker will sell a further 1m shares to the public.

When this stage is completed the ownership of Avesta should be. Nordstjernan 63.3 per cent, A. Johnson and Co. 19 per cent, S-E Banken 8.2 per cent, and institutions and other private investors 9.2 per cent.

In a second stage later during 1987 it is planned to offer a further 4.5m units (one share plus one option) to the public on the same terms as stage one, and in addition A. Johnson and Co will offer convertibles totalling SKr 34m to the Avesta workforce.

The company will then seek a listing on the Stockholm stock exchange. Under the terms of an agreement with the Swedish Government – made during the earlier restructuring of the stainless steel industry – Nordstjernan must maintain a majority holding in Avesta up to and including 1993.

US bank to cease trading in Sri Lanka

By Mervyn de Silva in Colombo

BANK OF America is to close its Colombo office tomorrow, the first major foreign bank to do so after the Jayewardene Government's liberalised economic policies in 1977 attracted 10 US, European, Middle-Eastern and Hong Kong banks to Sri Lanka.

Bank of America opened a Colombo branch in 1979 along with Citibank and American Express.

Although its number of clients was down from a peak of 1,300 to 700, a bank official said that it had never incurred an operational loss. "The Colombo office did not fit into our new global network strategy."

Citibank and American Express have no plans to pull out, according to a central bank official who explained the move as "reorganisation" of the bank's entire international business operations.

Two Sir Lankan companies, both family-owned, have been granted permission to set up commercial banks to complete with the state-owned Bank of Ceylon and the Peoples' Bank following President Jayawardene's decision to privatise insurance and banking.

The banks are the Agro-Commercial Bank, an initiative of the Ceylon insurance company, whose chairman Mr Lalith Kotelawela will be the bank's chairman.

The other is the Investment and Credit Bank, a centre of the Mercantile group of companies.

Since 1977, the number of banks in the island had risen from 10 to 25, Mr Ronnie de Mel, Finance Minister said at the 35th anniversary celebrations of the Central Bank.

The most important stride was the establishment of regional rural development banks and the opening of branches throughout the country by the two state banks.

Anatole Kaletsky on the latest options device to emerge on Wall St

Inflation futures woo the punter

ONE OF the biggest investment businesses of the late 1980s could be buying and selling inflation. That, at least, is the hope of the New York Coffee Sugar and Cocoa Exchange—and it is backed by some impressive intellectual supporters.

Just before Christmas the Commodity Futures Trading Commission approved a technical rejigging of the only financial device ever invented to offer a way of gambling or investing directly in US inflation—the Consumer Price Index (CPI) futures contract which has been trading in quiet obscurity on the Coffee Exchange for over a year.

As a result the CPI futures contract will soon be marketed as a straightforward bet on future inflation *rates*—and not, as at present, on the less familiar *levels* of the consumer price index.

If, as the Coffee Exchange expects, the new formulation succeeds in stirring up some investment interest in its neglected brainchild, the outcome could be a business "which has the potential of dwarfing in magnitude and importance all other financial markets combined."

And those are the words not of some public relations huckster, but of Professor Milton Friedman, the Nobel Laureate economist and patriarch of monetarism. Professor Paul Samuelson, another Nobel Laureate—but of a markedly Keynesian disposition who disagrees with Mr Friedman on most things—has called inflation futures markets an "idea whose time has come" with a "range of potential participants that is vast" and "benefits which will accrue even to those who do not buy or sell inflation futures contracts"

Unfortunately, when the principle of making markets in inflation was first turned into practice, with the launch of the inflation futures contract on the Coffee Exchange in June last year, it appeared that fund managers and speculators were a lot less interested in inflation than were economists and politicians. The CPI futures market opened sleepily and settled rapidly into a virtual coma.

After a year of living death—with fewer than a dozen contracts changing hands most days—the Coffee Exchange turned to extreme measures to bring some life into the market. It even sponsored an inflation forecasting contest with an appropriately original first prize—an all-expenses holiday in La Paz, "inflation capital of the world." But no amount of hype about Bolivia's 40,000 per cent inflation seemed capable of rousing US speculators and investors.

Part of the problem lay, of course, with the new contract's singularly ill-fated timing. Conceived at the peak of the inflationary paranoia in 1981, the CPI futures took so long to push through the regulatory bureaucracy that they emerged at a time when the US economy was enjoying its lowest inflation since the 1950s.

That was a setback beyond the control of the new contract's promoters. But market research by the Coffee Exchange recently uncovered another problem which should prove easier to correct: it seemed that investors did not understand how CPI futures worked.

The whizz kids who were making million dollar salaries by arbitraging from Euroguilder zero-coupon futures options to swaps on yen - denominated T-bill scrips apparently found difficulty in dividing the January CPI by the October figure and then converting the result into an annual inflation rate.

They had to do all this hard work themselves because the value of each inflation contract was expressed as $1,000 times the actual level of the Consumer Price Index (325.40 in November, the latest month, for example). The speculator gained $10 every time the CPI increased by 0.01.

In future, once the new specification just passed by the CFTC is put into practice, the inflation contract will be worth $2,500 times the annualised rate of inflation. The punter will gain or lose $25 every time the inflation varies by 0.01 per cent. The hope is that because inflation rates are more familiar than CPI levels, the speculators might take more eagerly to trading in inflation than in something as obscure as a Consumer Price Index.

Even without market research this seems conceivable, at least in retrospect: nine months ago, for instance, the CPI futures was discounting an annual inflation rate of only 1.23 by April 1987. At the time most economists were forecasting inflation of 2 to 3 per cent by early 1987.

The opportunity for profitable trading was clearly there and indeed, last week's CPI futures quote for April 1987, showed a marked rise in inflationary expectations. The contract is now quoted at 329.57 — 2.05 higher than the quote of 327.52 nine months ago on April 1. Thus someone who had the presence of mind — and the $1,500 margin payment — to buy a CPI futures contract on April 1 would have made a profit of $2,050 by now.

More importantly, as Mr James Bowe, senior vice president of the Coffee Exchange, points out, once the market got going, pension funds with liabilities linked to real wages would be "unable to resist the real interest rate instruments" which investment bankers could readily construct by using the inflation futures.

"All we need to get the institutions interested is a moderate volume of 200 to 400 contracts a day," Mr Bowe says. And once the institutions were involved, the sky would be the limit. If a mere 10 per cent of the US Treasury's publicly-held debt were hedged against inflation, the CPI futures market would consist of 900,000 open contracts instead of the present 57.

But will the speculators ever weigh in to push the market through the critical 200 contract level? One seasoned Chicago investor doubts it: "Inflation futures are great as an economic concept. But inflation just isn't volatile enough from day to day to get the speculators going." Except in Bolivia, perhaps.

INTL. COMPANIES AND FINANCE

Ferrari expects record output

By John Griffiths in London

FERRARI, the exotic sports car manufacturer owned by Fiat, is expected to produce around 3,250 units this year, setting a record for the fourth year in a row.

But the current output level is close to the Maranello-based company's capacity of 3,500 units. Production can now be expected to even out at this level by 1990 and capacity will not be increased irrespective of market demand, according to corporate officials at Fiat.

This pivotal decision on Ferrari's future was taken by its chairman, Sig Vittorio Ghidella (also managing director of Fiat Auto), in cancelling a four-door Ferrari which had been planned for launch next year.

Market analysis for the car had led to the conclusion that 1,000 units a year would have been needed to satisfy demand on the US West Coast alone.

This gave Ferrari the option of starving other markets and cutting back output of more traditional sports models; or expanding the Maranello factory, or cancelling the new project.

Investment is to continue at a high level, however. It is planned to average 15 per cent of turnover up to 1990 and to be directed at plant modernisation, new technology applications and research and development aimed at improving product quality and reliability.

From less than L10bn in 1981-82, when Ferrari's output slumped to just over 2,000 in the wake of the second oil crisis, investment has climbed to about L30bn in the current year and is forecast to rise to L70bn in 1990.

Some of these resources are being applied to Ferrari Engineering, a company set up earlier this year to exploit the engineering consultancy field in similar manner to Porsche and Group Lotus.

Tan Sri Khoo calls in adviser

By Steven Butler in Singapore

TAN SRI Khoo Teck Puat took further steps to protect his financial interests in the case involving the National Bank of Brunei (NBB) by announcing yesterday that he had appointed Shearson Lehman Bros International as his financial adviser.

A statement said that Shearson would attempt to "resolve the position of the bank loans and to assist in the resolution of the financial relationship between the Government of Brunei and the Khoo-related companies in connection with the National Bank of Brunei."

The Brunei authorities have taken control of 9,996 of the 10,000 issued shares of Tan Sri Khoo's Southern Pacific Hotel Corporation which owns a string of hotels in Australia and the South Pacific. The shares were in the possession of the NBB when it was closed down. They are registered in the name of Tenore Proprietary, incorporated in Australia.

In November Brunei Government seized the NBB, which was 70 per cent-owned by Khoo family interests charging fraud and conspiracy against the bank's directors and alleging that 1.3bn Brunei dollars was lent improperly to Khoo family companies.

The NBB has taken legal action in Hong Kong, Brunei and Singapore to recover the assets of the bank, and may now be ready to seize Tan Sri Khoo's Australian hotel interests.

The Brunei authorities have taken control of 9,996 of the 10,000 issued shares of Tan Sri Khoo's Southern Pacific Hotel Corporation which owns a string of hotels in Australia and the South Pacific. The shares were in the possession of the NBB when it was closed down. They are registered in the name of Tenore Proprietary, incorporated in Australia.

EUROBONDS

New issues enliven Euromarket

BY HAIG SIMONIAN

A TRIO of new issues late in the afternoon yesterday closed what might have been a quiet day in the Eurobond markets with a flourish. The dollar's weakness in the foreign exchange markets teased out two dual currency deals.

Deutsche Bank Finance got the ball rolling with a DM 900m two-tranche deal, guaranteed by the parent company and run exclusively by Deutsche Bank without co-managers.

The first tranche is a DM 600m 5½ per cent 1992 bond, priced at 101. The second DM 300m tranche, maturing in 1995, pays 6¼ per cent and is priced at 100¾.

There was some surprise that the issue had been priced so low, according to the Deutsche Bank, but the coupons have been set on the basis of its recent DM 300m 1992 issue. That yields 5.36 per cent based on yesterday's fixing in Frankfurt.

The issue has been conceived very much as a new year's transaction; investors will have plenty of time to tuck in, as the payment date is not until January 30.

Nomura International led a Y16bn 7 per cent 1992 dual currency bond for Morgan Guaranty Trust Company of New York, Nassau Branch. Priced at 101½, the paper is being swapped into dollars.

Each Y10m bond will be redeemed for $60,423, giving an effective exchange rate of Y165.5 to the dollar. There are no co-managers in the deal, and the bonds have already been put away with end investors.

Banca Nationale del Lavoro International issued a Y6bn dual currency bond, guaranteed by the parent, and also led by Nomura International. Priced at 101½, the 1997 bond pays 4.7 per cent for the first five years and 7½ per cent thereafter.

This is the market's first split dual-currency issue. On maturity, holders of each Y100m bond will receive 60 per cent of the proceeds in yen and $245,399 for the remainder, representing an exchange rate of Y163. This swap-related issue has been placed entirely in Japan.

Yesterday's secondary market for straight Eurodollar issues in London was quiet. Business was also very muted on the floating rate note side, with investors particularly restrained by the heavy cost of funding positions over the year-end.

While the secondary market in West Germany was quiet, volume in Switzerland was quite high, with prices between ¼ and ½ firmer.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on December 29

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Express 7⅞ 93	100	*†97⅞	97⅞	0	0	8.03
A/S Eksportfinans 7⅞ 93	100	†99⅛	99⅝	0	+0⅛	7.69
Australia Com. 11 95	200	*†116½	116⅝	0	+1¼	8.17
Australia Com. 11¼ 00	100	*†117	117	0	+2⅛	9.00
BP Capital 9⅛ 94	100	*†106⅛	106⅛	0	0	7.96
British Telecom 7⅞ 96	250	*†98¼	98¼	0	−0⅛	7.88
Campbell Soup 10½ 95	100	†112¾	113¼	−0⅛	0	8.32
Canada 9 96	1000	†107⅝	108⅛	−0⅛	+0¼	7.76
Canadian Pac. 10¾ 93	100	108¾	109⅜	−0⅛	0	8.77
CCCE 7⅛ 91	113	†98⅞	99⅜	−0¼	−0¼	7.34
CNCA 7¼ 91	150	†99½	100	−0⅛	+0⅛	7.31
Citicorp 8¼ 93	200	*†98¼	98¼	0	−0¼	8.59
Credit Lyonnais 9 91	200	†105⅛	105⅝	−0⅛	−0⅛	7.44
Credit National 9⅛ 93	150	*†106½	106½	0	0	7.75
Credit National 7¼ 91	150	†99⅜	99⅞	−0⅛	0	7.34
Denmark Kingdom 7¾ 93	250	†99⅞	100⅜	+0⅛	+0⅛	7.71
Denmark Kingdom 8¼ 91	300	†102⅞	103⅜	0	0	7.43
Denmark Kingdom 7 88	1000	†100⅛	100⅞	−0¼	−0⅛	6.63
EEC 7 91	100	*†99½	99½	0	0	7.12
EEC 8¾ 96	100	†103⅝	104⅛	0	+0⅜	7.65
EEC 8⅝ 91	150	†105⅞	105⅞	0	−0¼	7.00
EEC 9⅝ 90	350	*†105⅞	105⅞	0	−0⅛	7.66
EIB 10¼ 94	200	*†112⅛	112⅛	0	0	8.11
EIB 12 95	200	†124½	125	+0¼	+0¼	7.82
Eurofima 7¾ 91	100	†101⅝	102⅛	−0⅛	+0⅛	7.24
Export Dev. Cpn. 10 90	100	†108⅞	109⅜	0	−0⅛	6.89
Finland 7½ 93	200	†99½	100	+0⅛	+0⅛	7.54
Ford Motor Cred. 10½ 91	150	†110¼	110¾	−0⅛	−0⅛	7.81
Ford Motor Cred. 11⅞ 90	100	†110⅜	110⅞	−0⅛	0	7.43
Gen. Elec. Cred. 10¼ 00	200	*†107¼	107¼	0	+0¼	9.27
GMAC 10¼ 89	200	†106⅛	106⅞	−0⅜	−0⅞	7.15
GMAC 8½ 93	200	†103¼	103¾	0	+0⅜	7.78
IADB 9⅞ 95	200	†111¾	112¼	+0⅛	+0⅛	7.96
Liberty Mutual 8½ 96	150	†102⅞	103⅜	+0½	+1½	8.01
LTCB of Japan 8 91	100	†101⅝	102⅛	−0½	−0½	7.49
Merrill Lynch 8¾ 91	100	*†103¼	103¼	0	0	7.92
Mercds.-Benz Cred. 7½ 93	100	*†100¾	100¾	0	0	7.34
Mitsubishi Fin. 7⅞ 93	100	*†100½	100½	0	−0¼	7.78
Norway Kingdom 7¼ 91	500	†100¼	100¾	−0⅛	+0⅛	7.10
Pepsico Inc. 7⅞ 93	200	†97¾	98¼	−0½	−0¼	7.77
Philip Morris 7½ 91	100	*†99⅜	99⅜	0	0	7.65
Qantas Airways 10⅛ 95	140	*†112¼	112¼	0	0	8.30
Queensland Govt. 10¼ 95	100	*†110¼	110¼	0	0	9.44
Ralston Purina 11¼ 95	150	†114½	115	−0⅛	−0¼	9.13
Saab Scania 9½ 91	125	†105¾	106¼	0	0	7.74
Saskatchewan 10¾ 92	100	†112½	113	−0⅛	+0⅛	7.66
State Bk. S. Aust. 9¼ 93	100	*†105¾	105¾	0	0	8.02
Statoil 10 90	270	*†108½	108½	0	0	7.22
S. Wales Trsy. 11⅛ 90	150	*†112½	112½	0	0	7.36
Swed. Exp. Cred. 10 92	100	†110½	111	0	−0⅛	7.49
Sweden 8¼ 96	200	*†105⅝	105⅝	0	0	7.86
Sweden 10¼ 92	250	†112½	113	0	0	7.49
Sweden Kingdom 10⅞ 90	200	†111⅛	111⅝	−0⅛	−0⅛	6.95
Sweden Kingdom 7 91	250	*†99¼	99¼	0	0	7.18
Toyota Motor Cred. 8 89	100	*†103	103	0	−0⅛	6.63
Victorian Rep. 11⅝ 92	150	*†115⅛	115⅛	0	+0¼	7.90
World Bank 8½ 16	150	†100	100½	+0¼	+0½	8.47
World Bank 9¼ 16	300	*†102⅝	102⅝	0	0	8.99
Xerox Credit Corpn. 7 91	100	*†99⅜	99⅜	0	0	7.24
Yasuda Trust Fin. 8½ 93	100	†103½	103⅞	+0⅛	+0½	7.80

Average price changes on day −0⅛ on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	†108½	109½	0	+0⅛	6.47
Austrian Elec. Co. 6½ 95	150	†100⅜	101⅜	−0⅛	+0¼	6.36
BMW 5¾ 96	200	†93	94	+0½	+0½	6.18
Daimler Benz Int. 5¾ 01	500	†93½	94½	+0¼	+0⅜	6.39
Dow Chemical 5⅞ 96	300	†94¼	95¼	−0½	−0⅛	6.38
Dow Chemical 6¾ 95	300	†102¼	103¼	0	+0⅞	6.26
EIB 5½ 98	150	†93	94	0	+0⅛	6.32
EIB 6⅞ 95	300	†103⅝	104⅝	0	0	6.25
EIB 7¼ 94	300	†105⅞	106⅞	+0⅛	+0⅜	6.21
Embart Corpn. 6¾ 95	175	†101¾	102¾	−0¼	−0⅞	6.40
Eurofima 6¼ 96	300	†101	102	+0¼	+0⅜	6.03
Ex.-Im. Bk. Korea 7⅝ 90	100	†104	105	0	+0¼	6.14
Finland Republic 7 92	200	†103⅞	104⅞	+7⅞	+0¼	5.97
Hoesch Intl. Fin. 7 95	100	†104¼	105¼	+0¼	+0⅞	6.29
Hydro Quebec 5½ 96	125	†96	97	+0⅛	+0⅞	5.99
Hydro Quebec 6 16	150	†86⅝	87⅝	0	0	7.05
IBJ 5⅝ 96	200	†95⅞	96⅞	−0⅛	+0⅛	6.14
Ireland 8⅛ 92	150	†107	108	0	+0⅛	6.42
I/S Elsam 6¾ 93	125	*†101½	101½	0	0	6.47
Korea Dev. Bank 6⅞ 93	100	†98½	99½	0	0	6.81
Mitsubishi M. 3¼ 89 WW	100	†103½	104½	0	0	1.74
Mitsubishi M. 3¼ 89 XW	100	†93½	94½	0	+0⅛	5.36
Renfe 7¼ 95	100	*†106	106	0	0	6.78
Soc. Cent. Nuclear 7¼ 95	150	†101¾	102¾	+0⅞	+1	6.88
Soc. Cent. Nuclear 8 91	100	†105	106	0	+0⅛	6.53
Sweag 5½ 96	100	†93¾	94¾	+0¼	+0⅜	6.33
World Bank 7 95	600	†104¾	105¾	+0⅛	+0⅛	6.19
Yorkshire Intl. 6¼ 01	200	*†91½	91½	0	0	7.21

Average price changes on day +0⅜ on week +0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 5⅝ 96	100	*†102⅛	102⅛	0	0	5.33
Amer. Corp. 5¼ 01	200	*†91⅞	91⅞	0	0	6.11
Baker Int. 4⅛ 96	200	*†91⅞	91⅞	0	0	5.23
Carlsberg 5 96	80	*†102⅛	102⅛	0	0	4.71
Chujitsuya 5¼ 94	50	*†102	102	0	0	5.05
Deutsche Bk. Fin. 5⅜ 95	100	*†107¼	107¼	0	0	4.31
Gen. Occidentale 4½ 94	80	*†134⅛	134⅛	0	0	0.18
Glendale F. S. & L. 5½ 95	100	*†96⅞	96⅞	0	0	5.97
Humana 5⅜ 98	120	*†96⅝	96⅝	0	0	5.54
Industrial Credit 5¾ 96	75	*†102⅝	102⅝	0	0	5.40
Japan Dev. Bk. 5⅛ 97	100	*†102⅝	102⅝	0	0	4.80
Oberos. Kftwk. 5⅜ 95	100	*†102⅝	102⅝	0	0	4.97
Olivetti Intl. 5½ 95	100	*†102⅜	102⅜	0	0	5.11
Pepsico 5¼ 95	130	*†103⅝	103⅝	0	0	4.70
Prov. of Manitoba 4¾ 94	200	*†100⅝	100⅝	0	0	4.65
Ralston Purina 5⅞ 94	125	*†103⅛	103⅛	0	0	4.88
Settsu Euro. 0 01	100	*†44⅞	44⅞	0	0	5.81
Tohoku Elec. Pwr. 4⅞ 96	150	*†98⅞	98⅞	0	0	5.02
USX Corpn. 5¾ 98	100	*†94⅞	94⅞	0	0	6.45
World Bank 5¾ 94	150	*†103⅞	103⅞	0	0	5.14

Average price changes on day 0 on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Expr. OS Cr. 5⅞ 91	20	*†101⅞	101⅞	0	0	5.58
Denmark 6⅞ 96	10	104½	104½	0	0	5.77
GMAC 5⅞ 91	60	*†98⅞	98⅞	0	0	5.65
EIB 6⅛ 96	25	†102½	103	0	0	5.73
Sweden, Kingdom 5⅝ 95	20	†99	99½	−0⅛	0	5.73

Average price changes on day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AB Electrolux 14½ 90 AS	50	†100¾	101¼	−1	−1½	13.87
Amatil Fin. 14¾ 90 AS	40	†99½	100½	−0¼	+0½	14.72
Bremer Ldsbk. 12¼ 91 AS	30	†98¾	99¼	0	+0½	12.93
Fiat Finance 14½ 89 AS	50	101⅛	101⅝	+2¼	0	13.58
GMAC 12⅞ 89 AS	40	†98	99	+0¼	+0⅞	13.35
Landsbk. Rhein. 13 89 AS	30	†96½	97½	−0½	−0¼	14.53
Canadian Pac. 10⅛ 90 C$	75	†103½	104	−3½	−3½	9.12
Chrysler Corpn. 10 91 C$	75	†99	99½	−3⅝	−3⅝	9.46
Genstar Fin. 11¾ 95 C$	75	†104¾	105¼	0	0	10.79
GMAC 9¼ 92 C$	75	†99⅞	100⅜	−5⅛	−5⅛	9.26
Royal Trustco 10⅜ 90 C$	75	†103½	103⅞	−2	−2	9.23
Sears Acc. 10⅝ 92 C$	75	†106¼	106¾	0	0	9.12
Coca-Cola F. C. 17 90 NS	75	†104	105	0	0	15.21
Denmark 17½ 89 NS	50	†105⅝	106⅛	+0⅝	+0⅝	14.07
Unilever Cap. 17½ 89 NS	50	104	104¾	−0⅛	+0⅞	15.32
Copenhagen City 9 95 Ecu	40	†101¼	101¾	−0¼	−0¼	8.75
EIB 7⅝ 91 Ecu	100	†99⅛	99⅝	−0½	−0¼	7.53
EIB 8⅝ 93 Ecu	100	105⅛	106	+0⅛	+0⅛	7.45
Walt Disney 8¾ 94 Ecu	62	103⅞	104⅜	0	0	7.96
Honda Mtr. WW 3⅞ 90 Fl	100	107¼	107¾	+0¼	+0¼	1.47
Honda Mtr. XW 3⅞ 90 Fl	100	93⅛	93⅝	0	0	6.20
Thyssen 7¼ 90 Fl	50	103½	103⅞	−0⅛	−0⅛	5.18
Wereldhave 7½ 90 Fl	75	104	104½	−0⅛	−0⅛	6.11
Wessanen 6¾ 90 Fl	50	101¾	102¼	−0⅛	−0⅛	6.13
Australia Com. 11 92 £	40	*†99¼	99¼	0	+1¼	11.85
GMAC UK Fin. 10½ 90 £	30	*†99¼	99¼	0	−1¼	10.72
Imp. Chem. Inds. 10 03 £	100	*†89¼	89¼	0	0	11.39
Imp. Chm. Inds. 10¾ 92 £	75	*†98½	98½	0	0	11.09
Invst. in Inds. Int. 10 93 £	60	†94⅝	95⅛	+0½	+1⅛	11.89
Leeds Bldg. Soc. 10½ 91 £	50	†96⅞	97⅜	+0½	+0⅞	11.47
McDonalds 10⅞ 90 £	40	*†100¼	100¼	0	+0¼	10.55
Nationwide BS 10¼ 93 £	75	†93½	94½	+0½	+0⅛	11.49
NSW Treasury 10⅝ 92 £	50	†96⅞	97⅜	+0½	+1⅞	11.25
Royal Insce. 10¾ 92 £	60	*†97¼	97¼	0	0	11.30
J. Sainsbury 10⅞ 93 £	60	†97⅞	98⅜	+0½	+0¼	11.35
Trusthouse Forte 11⅛ 90 £	53	*†100¼	100¼	0	+1	10.90
World Bank 11¼ 95 £	100	*†101	101	0	+1	11.05
CoE 8⅞ 95 LFr	600	†105	105½	+0¼	+0¼	8.82
EIB 8⅝ 93 LFr	1000	†104⅝	105⅛	−0¼	−0¼	7.39

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	0.0312	*†99.94	99.94	11/3	6.34
Alliance & Leic. Bldg. 94 £	0.08	*†99.31	99.31	20/1	10.00
Australia & NZB Perp.	0.015	*†96.87	96.87	30/1	6.25
Barclays Bank Perp. 1	0¼§	*†99.75	99.75	2/1	5.94
Barclays Bank Perp. 2	0¼§	*†99.19	99.19	17/2	6¼
Belgium, Kingdom of 91	0	†100.35	100.45	19/2	5.86
BNP 5¼ 95	0.05	*†101.68	101.68	12/1	6.8
Britannia 5 93 £	0⅛	*†99.52	99.52	8/1	10.39
Chase Manhattan Corpn. 91	0¼	†100.60	100.70	20/2	6.22
Citicorp 98	0¼	*†99.24	99.24	28/1	7.29
Credit Lyonnais 5 00	0¼	†100.80	100.90	12/1	5.81
EEC 3 92 DM	0	*†100.18	100.18	12/1	4.40
EEC 5¼ 93 Ecu	0.0312	*†99.88	99.88	30/1	7.66
Halifax Bldg. Soc. £ 94	0.1	*†99.31	99.31	6/2	10.54
Lloyds Bank Perp.	0¼	*†100.37	100.37	9/2	7½
Midland Bank 01 £	0.1	*†100.00	100.00	9/2	10.6
Milk Mrktg. Board 5 93 £	0⅛	*†100.25	100.25	29/12	10.58
NatWest Perp. A	0¼§	*†100.40	100.40	9/1	5.94
NatWest Perp. B	0¼§	*†100.28	100.28	10/2	5⅝
New Zealand 5 97 £	0.07	*†100.42	100.42	14/8	10⅝
New Zealand 5 01	0	†99.93	100.03	4/2	6.13
Prudential Corpn. 4 95 £	0.1	*†100.18	100.18	5/2	9.85
Shearson Lehman Hldgs. 91	0¼	*†99.59	99.59	6/2	6¼
United Kingdom 5 92	0	*†100.16	100.16	7/1	7.19
Woodside Financial 5¼ 97	0	*†100.11	100.11	28/1	6.22
Woolwich 5 95 £	0⅛	*†99.42	99.42	19/1	10⅞

Average price changes on day 0.00 on week +0.04

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	984	*†276	276	0	−4.34
Fanuc 3¼ 98	1/84	4277	*†258	258	0	28.25
Fuji Bank 2¼ 00	10/85	1623	*†162	162	0	−4.82
Fuji Heavy Industries 3 00	8/85	676	*†104⅞	104⅞	0	0.24
Fujitsu 3 99	5/84	1109	*†141½	141½	0	8.34
Minolta Camera 2¼ 94 DM	2/86	1105	†98	99	−0⅛	61.04
Mitsubishi Bank 2⅞ 00	8/85	1715	*†161¼	161¼	0	−2.27
Mitsubishi Trust 2½ 01	5/86	1600	*†154½	154½	0	−19.17
Mitsui Bank 2⅝ 01	4/86	1019	*†132¼	132¼	0	−8.04
Mitsui Trust 2⅞ 01	10/86	1990	*†106¼	106¼	0	6.49
Murata 3½ 00	7/84	1998	*†198½	198½	0	−2.96
Nippon Elec. 2⅞ 00	1/85	1295	*†248½	248½	0	230.21
Nippon Oil Co. 3 00	5/85	923	*†230½	230½	0	−0.92
OKI Elec. Ind. 3½ 99	10/84	805	*†130¼	130¼	0	4.62
Sanwa Bank 2¼ 00	10/85	1442	*†153	153	0	−4.62
Sumitomo Bank 2¼ 00	8/85	2142	*†172¼	172¼	0	−1.59
Toshiba Ceramics 3 00	4/85	1734	*†122	122	0	6.96
Nippon Oil Co. 2⅛ 92 SFr	3/84	1001	*†153¼	153¼	0	4.87
Nippon Shinpan 2 92 SFr	3/84	696.5	*†179½	179½	0	1.49
Asics 5 92 DM	12/83	472	†124½	125½	+3	−5.88

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Kredietbank NV; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Bank of Tokyo International; Chemical Bank International; Chase Manhattan; Citicorp International Bank; Daiwa Europe NV; Credit Commercial de France (Securities); EBC Amro Bank; LTCB International; Robert Fleming and Co.; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch Pierce Fenner and Smith; Morgan Stanley International; Nikko Securities Company (Europe); Nomura International; Orion Royal Bank; Samuel Montagu and Co.; Societe Generale Strauss Turnbull; Sumitomo Finance International; Swiss Bank Corporation International; S. G. Warburg and Co.; Wood Gundy.

UK COMPANY NEWS

Blue Arrow expansion in US

BY CLAY HARRIS

Blue Arrow, the staff recruitment and contract cleaning group, yesterday continued its rapid expansion in the US with the acquisition for $15m (£10.3m) of New York-based Career Employment Services.

It also announced the separate purchase of Professional Office Personnel, with three branches in North Carolina, for up to $3.8m.

The two deals will give Blue Arrow national penetration with a total of 180 offices only two months after its first staff recruitment acquisitions in the US. They will also lift Britain's largest employment services group—which includes Brook Street Bureau and Hoggett Bowers, the executive placement agency—to number six in the world league.

The US operations should produce turnover of $160m (£110m) out of a total of £260m in the year to October 1987, Mr Tony Berry, chairman of Blue Arrow, said yesterday.

The company was looking for an executive search agency to complete its employment services stable in the US. It has not yet spent the full proceeds of the £29.7m raised in a rights issue in October.

CES, the largest of yesterday's acquisitions, operates three subsidiaries, Career Placement, Temp Force and Health Force, with a total of 17 fully owned and 117 franchised offices.

It also provides payroll and other services to outside contractors and will take over central accounting for Temporaries, a Washington-based agency bought by Blue Arrow in October.

CES is the centre-piece of Blue Arrow's effort to create a full-service group. "We hope it's going to be another Brook Street," Mr Berry said.

Popi, for which Blue Arrow will pay an initial $1.2m cash and up to $2.6m based on future profits, brings a lucrative niche in a growing market between Washington and Atlanta.

Profits of $500,000 to $800,000 are estimated for 1987 on turnover of $3m to $4m. "We are paying a good price for good profits, while for the other we are paying a below average price for good potential," said Mr David Atkins, Blue Arrow's US-based corporate development representative.

For CES, Blue Arrow is paying an initial $10m plus 525,000 new ordinary shares. It will hold back $2m for 12 months to cover certain warranties, mainly relating to the franchise network. In both cases, the sellers and key personnel will remain on service contracts.

CES reported pre-tax profits of $536,000 on turnover of $57m in the year to November 1985. Blue Arrow said the most recent year would show an improvement and carried-forward losses from previous reorganisations would mean no US tax liability at CES for two years.

Blue Arrow shares were unchanged at 390p.

Ward White claims 73% of LCP

By Nikki Tait

Ward White, the acquisitive retail group which raised its offer for Midlands-based LCP Holdings to £173m in early December, owns or has received acceptances on behalf of 72.9 per cent of LCP's shares. Its bid has been declared unconditional and the paper terms remain open until further notice. The cash alternative closes on January 10.

Mr David Rhead, chairman of LCP, said yesterday that the management was still considering a possible buyout of the UK operations and he planned to meet Mr Philip Birch, Ward White's chairman, next week.

Ward White's principal interest in LCP is its US car parts retailing business, Whitlock, and Mr Birch has indicated that he would look to sell other LCP subsidiaries.

Hazlewood Foods

Hazlewood Foods, the acquisitive food group, has made its 24th purchase since April 1985, buying the Irish company Maharry Holdings for I£3.79m (£3.6m).

Maharry has four trading subsidiaries: F. A. Wyatt, a grocery importer and distributor; Drammock, a disposable nappy manufacturer; North Dublin Manufacturing, a maker of feminine hygiene products; and Food Brokers, an exporter.

Consideration will be in the form of £0.95m in cash and the issue of 1.79m ordinary shares with further payment dependent on future profits performance.

Worthington back in profit at six months

The six months ended September 30 1986 saw a return to profit for A. J. Worthington (Holdings), maker of textile products. On a turnover soaring from £682,000 to £1.76m, it made a pre-tax profit of £48,000, compared with a loss of £49,000. That was reduced to £23,000 by the end of 1985-86.

Mr S. Friedland, chairman, said the return to normal profitability was proceeding steadily but slowly. The substantial increase in turnover was the result of activities of W. H. White and Son, maker of knitwear and outer clothing.

After tax £5,000 and minorities £3,000 (both nil), the half year's net profit was £40,000 for earnings of 0.8p per share (loss 1p).

Euston Centre

Euston Centre Properties, which owns freehold and leasehold properties at the Euston Centre, London and a leasehold property in Hanover Square, London reported pre-tax profit for the six months to the end of September 1986 little changed at £3.9m against £3.91m.

Net revenue from properties was higher at £4.6m (£4.47m) but net interest payable was up from £530,000 to £668,000. Administrative expenses were lower at £20,000 (£32,000).

Since the period end British Land has bought the outstanding 50 per cent stake in the Euston Centre held by Peninsular & Oriental Steam Navigation, which it acquired when it took over Stock Conversion in May.

New look for City and Foreign

BY STEPHEN THOMPSON

City and Foreign Investment, the investment trust which fought off an unwanted takeover bid from Harvard Securities last June, has relinquished its status as an investment trust and intends to transform itself into an industrial holding company specialising in the service sector.

Trading in the company's shares was temporarily suspended before the start of business on the London Stock Exchange yesterday.

Among a series of major moves City and Foreign is proposing to acquire Language School Holdings, a Netherlands Antilles-registered company which owns the Linguarama chain of language schools, for approximately £6m, via an issue of 4.25m new ordinary shares of City and Foreign. The issue will more than double C and F's issued capital from 4m shares to 8.25m shares.

C and F intends to change its name to City and Foreign Holdings.

Director Mr Geoff Bowling said yesterday that the deal "marks a complete change of direction for City and Foreign." He said C and F intended to expand in the service sector "with particular emphasis on training, languages and associated industries."

The company, he added, was "not interested in engineering or manufacturing industries," and was seeking to develop the strength, client base and international business of Linguarama.

Mr David Stevens will continue as chairman of C and F following the deal and "will take a significant interest in the company's development," Mr Bowling said. Mr Stevens is also chairman of United Newspapers and MIM.

Linguarama's main business is the provision of executive language training to multinational corporations through its 34 schools in nine countries.

Language School Holdings made profits before tax and loan stock interest of US$498,000 (£340,000) in the year to December 31 1985 and forecasts pre-tax profits of $1.07m on turnover estimated at $13m for the year ending December 31 1986.

Three executive directors of Language Schools Holdings, Mr R. D. Lewis, Mr E. Wilton and Mr W. E. Nuttall, will join the C and F board and will be employed on service contracts of five years. Mr C. H. Mills, of MIM, will also be appointed a director of C and F. Mr N. O. Taube and Mr D. Fleming are resigning from C and F.

C and F said yesterday that it held irrevocable undertakings to accept its offer from holders of 55 per cent of Language Schools' capital.

Because of C and F's loss of investment trust status, MIM Investments, C and F's investment manager is making a cash offer to C and F shareholders wishing to sell their shares.

The offer will be the equivalent of 95 per cent of the formula asset value of C and F at the close of business on December 23 as calculated by C and F's auditors. Any shares acquired by the offer will be taken up by institutional investors.

C and F's investment portfolio has been liquidated with the last sales carried out on December 24, Mr Bowling said.

SHARE STAKES

Changes in company share stakes announced over the past week include:

Pentland Industries—Mr R. S. Rubin, a director, purchased 11,444 ordinary.

Charlie Brown's Car Part Centres—Mr A. Bairstow, chairman and Mr I. Harrison, joint managing director, each sold 100,000 shares. Their holdings are now 2,078,580 (34.64 per cent) and 1,879,020 (31.32 per cent) respectively.

Wills Group—Ionian Securities has acquired on behalf of Highbury Investments a further 50,000 ordinary, bringing total ordinary held by Highbury to 485,000 (6.72 per cent). The 50,000 shares acquired will be registered in the name of Highbury Investments.

Whittington Engineering — Following their appointment to board Mr M. Miller and Mrs G. Tate have the following interests in company: both Mr Miller and Mrs Tate each own 10 per cent of the issued share capital of Grangefield Industries which itself owns 342,105 ordinary in Whittington. Mr Miller and Mrs Tate are trustees and beneficiaries of a self administered pension fund which owns a further 9,234 ordinary in company.

Kellock Trust—Mr C. B. Dowling will join board as an executive director on January 5. London and Edinburgh Trust now owns 60,059,553 ordinary in Kellock (46.2 per cent). Following discussions between board of LET and Mr Dowling during period of the suspension of listing of Kellock's shares, LET agreed to sell to Mr Dowling 20,000 ordinary in Kellock and to grant him an option to purchase a further 200,000. As a result of a sub-division of Kellock's ordinary the transaction now represents 100,000 and 1m ordinary of 1p.

Abbott Mead Vickers—Mr D. Abbott, chairman sold 125,000. r M. Baulk, director, purchased 25,000.

Public Works Loan Board rates

Effective December 24

Years	Quota loans repaid by EIP† %	A‡ %	at maturity§ %	Non-quota loans A* repaid by EIP† %	A‡ %	at maturity§ %
1	—	—	11½	—	—	12
Over 1 up to 2	11½	11½	11½	12¼	12¼	12
Over 2 up to 3	11½	11½	11½	12¼	12¼	11⅞
Over 3 up to 4	11½	11½	11⅜	12¼	12¼	11⅞
Over 4 up to 5	11½	11½	11¼	12⅛	12⅛	11¾
Over 5 up to 6	11½	11⅜	11¼	11⅞	11⅞	11⅝
Over 6 up to 7	11⅜	11⅜	11¼	11⅞	11⅞	11⅝
Over 7 up to 8	11¼	11¼	11⅛	11⅝	11⅝	11⅝
Over 8 up to 9	11¼	11⅛	11⅛	11⅝	11⅝	11⅝
Over 9 up to 10	11⅛	11⅛	11	11⅝	11⅝	11½
Over 10 up to 15	11⅛	11	10⅞	11⅝	11½	11⅜
Over 15 up to 25	10⅞	10⅞	10¾	11½	11½	11¼
Over 25	10⅞	10⅞	10¾	11½	11½	11

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interim:—Stavert Zigomala.

Finals:—C. A. Sperati. Warner Holidays.

FUTURE DATES

Interims:—

Banks (Sidney C.) .... Jan 14

Carclo Engineering .... Jan 5

Stewart and Wight .... Jan 22

Finals:—

Body Shop International .... Jan 7

Wardle Storeys .... Jan 8

US debut for Pru shares

BY NICK BUNKER, INSURANCE CORRESPONDENT

SHARES IN Prudential Corporation, the UK's biggest life assurance company, are due to start trading in the United States today in the form of American Depositary Receipts (ADRs).

ADRs were invented in 1927 as a device for allowing US investors to buy foreign securities without going abroad. They are dollar-denominated certificates issued by an American bank giving the purchaser ownership of shares held by the bank.

The Prudential's decision to sponsor the issue of ADRs in New York comes less than three months after it announced its £405m acquisition of Jackson National Life, a fast-growing Michigan-based life assurance company. The purchase was completed on November 25.

The Prudential said its new move was a response to what it saw as the potentially growing interest among US investors in buying shares in the UK group.

An ADR issue enables a UK company to by-pass the lengthy process of seeking a full listing for its shares in the US.

Morgan Guaranty Trust Company of New York will be issuing the Prudential's ADRs on the basis of one ADR for each Prudential ordinary share. They will be traded on the US over-the-counter market.

The procedure does not involve the issue of new share capital, the Prudential said.

Mr Brian Corby, Prudential Corporation's group chief executive, said that the Prudential's entry into the American market "has inevitably increased investor awareness in that country."

Barrow hopes Tor deal will stop Yule Catto

BY CLAY HARRIS

Barrow Hepburn is to pay an initial £3.1m for Tor Coatings, hoping that the acquisition of the anti-graffiti paints specialist will help to put the writing on the wall for a hostile bid from Yule Catto.

Mr Ray Way, Barrow chief executive, said yesterday that the deal had been under discussion before Yule launched its £17.3m bid on December 12. The acquisition, which is subject to shareholder approval, underlined Barrow's increasing emphasis on chemicals.

It would put 12 per cent of Barrow's expanded share capital in the hands of Tor's present owners who have promised not to accept any offers before the end of 1987 that had not been recommended by the Barrow board or become unconditional.

Morgan Grenfell, advising Yule Catto, said that it would study the proposed deal.

Tor, a private company based in Chester - le - Street, Co. Durham, has concentrated to date in north-east England. In addition to anti-graffiti coatings, its speciality products include hygiene paints, long-life masonry paints and anti-climbing paints that never fully dry.

Barrow said that Tor's profits in the first five months of its present year were substantially higher than the £179,000 pre-tax on turnover of £3m in the year to May 31.

Barrow is to pay £525,000 cash and issue 4.52m new shares. Tor's owners, who will remain on service contracts, will also be entitled to half its pre-tax profits in the next three years, subject to meeting certain targets.

Unchanged at 58p yesterday, Barrow shares remained above the 52p value of Yule Catto's cash and convertible preference share offer.

Owl Creek acquisition

BY PHILIP COGGAN

Owl Creek Investments, the OTC-quoted oil company dogged by a legal battle with Falcon Resources, has announced interim figures and the acquisition of 60 per cent of Melinga Resources, a Canadian-listed oil and gas group.

Owl Creek came to the OTC market in July 1985, having been formed by a group of investors in the Falcon-Andrau drilling programme in Owl Creek, Colorado.

The operator for OCI was Falcon-Andrau Energy, a company one-third owned by Falcon Interests, a subsidiary of Falcon Resources; First Gulf Corporation, and Andrau Enterprises.

OCI has launched a series of legal actions against FAE and Falcon itself. An OCI petition for the compulsory liquidation of Falcon has been adjourned in the High Court until January 14.

The legal actions have distorted OCI's interim results which do not include any figure for US income. The pre-tax profits of £69,000 comprise foreign exchange gains of £60,000, interest receivable of £76,000, minus £67,000 administrative costs.

Purchasing Melinga satisfies OCI's long-term wish to acquire a public oil and gas company. The group is listed in Vancouver and has exploration and development interests in Oklahoma and Texas.

The consideration of around £600,000 will be satisfied by the issue of 5m OCI shares at 5p each and a $500,000 subscription for new Melinga shares. There will be further payments dependent on future profits.

In addition, OCI will make a $500,000 three year convertible loan to Melinga.

Shashoua in £0.5m loan to Milford Docks

By Clay Harris

Mr Roger Shashoua has lent £500,000 to Milford Docks, the Welsh harbour and hotels operator in which he brought a 25.5 per cent stake earlier this month.

Milford also announced yesterday plans for a rights issue and the appointments of Mr John Gooding as acting chief executive and Lady Falkender as a non-executive director. Mr Gooding, a chartered surveyor, joined the board when Mr Shashoua bought into Milford.

Lady Falkender, political and private secretary to Lord Wilson of Rievaulx, the former Prime Minister, has been appointed because of her contacts with foreign governments, Mr Shashoua said yesterday. She had been very helpful as a consultant to his ICE Group, an exhibition centre promoter.

Mr Shashoua will take repayment of part of his secured loan in new shares, to raise his total holding to 29.9 per cent. He also plans to take up his full entitlement under the rights issue due to be announced in January.

His plans for Milford Haven include the promotion of light industrial investments in the enterprise zone. He said yesterday that talks were underway with a number of governments. One possibility was the establishment of an eye clinic using licensed Soviet technology.

Mr Shashoua's share purchase is conditional on an asset valuation being undertaken by chartered surveyors Lewis Alkin and Co and Snell and Co. Milford shares added 3p to 76p, against the 85p at which Mr Shashoua has agreed to buy his shares.

See Men and Matters

Cosalt makes £1.3m purchase

Cosalt has bought T. Young and Son (Sailmakers) based in North Shields for £1.3m. Consideration has been satisfied by the issue of 703,933 new shares, of which 595,238 have been placed at 84p, £100,000 in unsecured loan stock and the balance in cash.

In the year to October 31 1986 Young's pre-tax profit totalled £150,794 and net tangible assets at that date were £995,010. The acquisition will complement the ships' chandlery business of Cosalt and is part of restructuring in that division.

Buckley's Brewery

BESTWOOD, the financial and property services group headed by Mr Tony Cole, continues to build up its stake in Llanelli - based Buckley's Brewery. Yesterday it announced the purchase of a further 0.91 per cent of the brewery's shares, taking its total holding to 26.05 per cent.

Lucy Kellaway on how the oil independents weathered the storm of 1986

Putting a plug on the cash outflow

IN JUNE it was touch and go whether the oil independents would last the year.

Some seemed likely to fail altogether, and a wave of distress sales and takeovers appeared.

However, the sector has struggled through the last six months, emerging at the end of it stable, if not quite flourishing.

The oil price is responsible in part for this unexpectedly happy state of affairs, finishing the year at over $17 a barrel, nearly twice its summer low.

The rest of the credit lies with the companies — and perhaps with their advisors — in fixing up deals which, at the least, have won them time.

For nearly every company in the sector, this has involved plugging the outflow of cash that in many cases was endangering their lives.

With the normal rights issue route closed — the last thing investors wanted was more shares in independent oil companies — some imagination was needed urgently.

The result was a whole wave of deals designed to bring in the cash by other means. Carless Capel & Leonard managed to raise nearly £30m through buying and then liquidating an investment trust.

Others opted for straightforward sales, with Britoil, Tricentrol and Ultramar all seeking to raise money through the sale of North American assets.

So far sales of North Sea stakes by the independents have been few. Instead, companies have sold peripheral businesses, pulling back from areas where either losses were being incurred (Ultramar's North American interests were losing over £5m a year) or where the company's position was relatively weak, as was Britoil's in US oil and gas exploration.

If anything, the impoverished oil independents have been more prone to buy than to sell, wherever possible paying in shares for assets which either included cash or which had capacity to generate the stuff freely.

One of the first such deals was done by Premier Consolidated Oilfields, which in June took on Burmah Oil's North Sea interests in return for 25 per cent stake in the company.

Two months later, a similar deal was agreed between Norwich Union and Clyde Petroleum, whereby Clyde exchanged its shares for NU's oil assets, which included a stake in the giant Forties oil field and nearly £4m in cash.

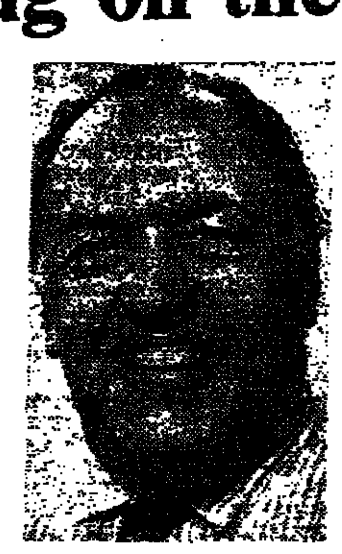
Another exchange, albeit on a much larger scale, was agreed earlier this month between Enterprise and ICI, in which $115m of assets were swapped for about a quarter of the company's share capital.

Striking such deals has not been easy. The difficulty has been less to discover a bundle of producing oil assets up for sale, but to find someone willing to take shares in return.

This has clearly left the stronger companies at an advantage to the weaker ones. Indeed, most of those which pulled off the most highly praised deals were starting from a position in which shortage of cash was not a pressing need.

For the most alarmingly weak oil independents saviours have been found. Charterhall, which in the spring was looking round in despair for a way of covering this year's £5m debt repayments out of a heavily negative cash flow, was rescued by Mr Russell Goward, an Australian then known only by his previous association with Mr Ron Brierley, the New Zealand investor.

His company injected £10m into Charterhall in June gaining over 50 per cent of the equity, and saving the company from a round of forced asset sales.



Mr Roland Shaw, chairman of Premier Consolidated Oilfields

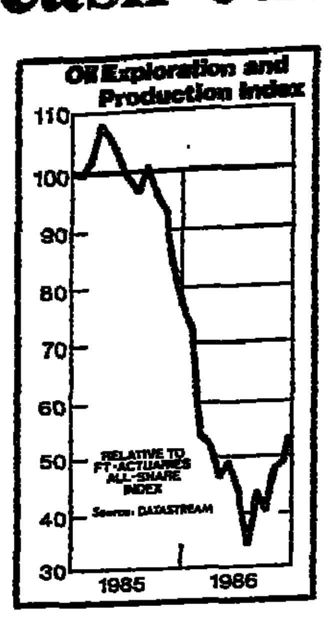
With so many investors keen to take a strategic stake in an oil independent, the number of takeovers — especially distressed ones — last year was few.

A rare example was Berkeley Exploration and Production, which by the autumn had failed to mount any defensive deal of its own, and fell into the unfriendly hands of the Canadian-owned Ranger Oil, despite efforts of Clyde Petroleum to save it.

As a result of all this activity, the independent oil companies will begin 1987 in fairly good shape, assuming that the oil price continues to wobble around present levels of between $15 and $18.

However, they are likely to end 1987 again much changed, following a second round of deals likely to differ from this year's mainly by being less urgent.

"I think there'll be some major and interesting deals in our sector next year. We're working pretty hard at it, and so is everyone else," says Mr Roland Shaw, chairman of Premier Consolidated Oilfields.



County Bank, which has put together many of this year's deals, says that it has several more up its sleeve for the New Year.

Although most companies have enough cash to tide them over for the next year or so (Clyde even did a deal this month for which it paid in cash, out of its own resources) cash is still the overriding problem, and more deals will be made with the single minded purpose of boosting cash flow.

Failing an oil price of $30, the rights issue window is not expected to reopen. Poor Sovereign Oil and Gas was alone among the sector to attempt to raise money directly from its shareholders in 1986 having failed to find a cheaper way of doing it.

Sovereign had a struggle raising just £2.5m and the experiment is not likely to be repeated this year—even as a last ditch measure.

Instead, companies will go on trying to buy their cash flow. There is still a large handful of non-oil companies which picked up oil acreage in the early offshore rounds, and which, shaken by the fall in the price, are open to offers. Next year could see some of them surrendering to the independents.

However, it is possible that the rise in the oil price might now act as a brake on sales of acreage. Agreeing a proper valuation for the assets exchanged last year was not easy, with a gaping hole between buyers and sellers' basis of valuation. Nonetheless, by the autumn, deals were being struck at between $18 and $20 a barrel, according to James Capel. "Now it's all been stirred up again, and both sellers and buyers are going to start rethinking and move further apart," says Mr Jim Joseph.

Even though most of the companies are safe from insolvency, their independence is not assured. Although the large shareholders which have emerged on most of their registers may make a takeover from someone else less likely, they do not rule it out.

While takeover seem probable, mergers between the independents look as unlikely as ever, with the egos of their founders standing as the principal obstacle.

"The guys that run these companies are fiercely independent people," says Mr Rennie McConnochie of Wood Mackenzie, and are therefore reluctant to throw in their lots together.

Earlier rumours of a merger between some of the partners in the sought-after onshore Wytch Farm oilfield — Premier, Carless, Clyde and Goal — are not likely to be rekindled.

Growing rental income lifts Sheafbank

Sheafbank Property Trust yesterday reported a 37 per cent increase from £54,363 to £74,545 in pre-tax profits for the six months to September 30 1986, and the directors said the increase reflected the growing rental income being achieved, as well as the continued upgrading of the property portfolio.

Concentration on maximising the potential from the existing portfolio was now bearing fruit, as demonstrated by the office planning permission in Sheffield, allowing 50,000 sq ft, which represented an opportunity for real gain in a reviving local property market.

Gross rental income in the opening half was £399,347 compared with £326,089. There was again a minority debit of £410 and after tax of £5,278 this time, attributable profits came out ahead at £68,857 against £53,953. Stated earnings per 10p share were lower at 0.26p (0.36p).

The directors said the company was maintaining a strong financial position on which it was actively seeking to capitalise.

COMPANY NEWS IN BRIEF

HENRY ANSBACHER, the merchant bank, announced yesterday that it has sold 80,000 shares in Belhaven, the brewery group where Mr Raymond Miquel — the former chairman of scotch whisky group, Arthur Bell — moved in as chairman and chief executive in September. Together with other members of the Ansbacher group, it now holds 2.24m shares or 9.4 per cent. Mr Miquel and his family, meanwhile, have purchased 62,000 shares in Belhaven, taking the total stake to 112,000 shares — under 1 per cent of the total equity.

DUDLEY, the private company making a £21.3m takeover bid for Burns-Anderson, the financial services and motor distribution group, had received acceptances covering 0.04 per cent of the shares by yesterday's closing date. This took the stake controlled by it and associates to 18.77 per cent. The offer is being extended until January 19.

HIDONG ESTATE (London-quoted Malaysian rubber and oil palm fruit producer). Loss pre-tax but after replanting expenditure cut from M$138,233 to M$76,204 (£20,154) for six months to September 30 1986 on turnover M$603,479 (M$463,743). Tax again nil and loss per 10p share 4.44c (8.07c). Low commodity prices and high interest charges blamed for continuing loss.

J. ROTHSCHILD HOLDINGS: Mr J. Rothschild, a director, has given notice that a company controlled by his interests acquired 500,000 ordinary on December 22 1986.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

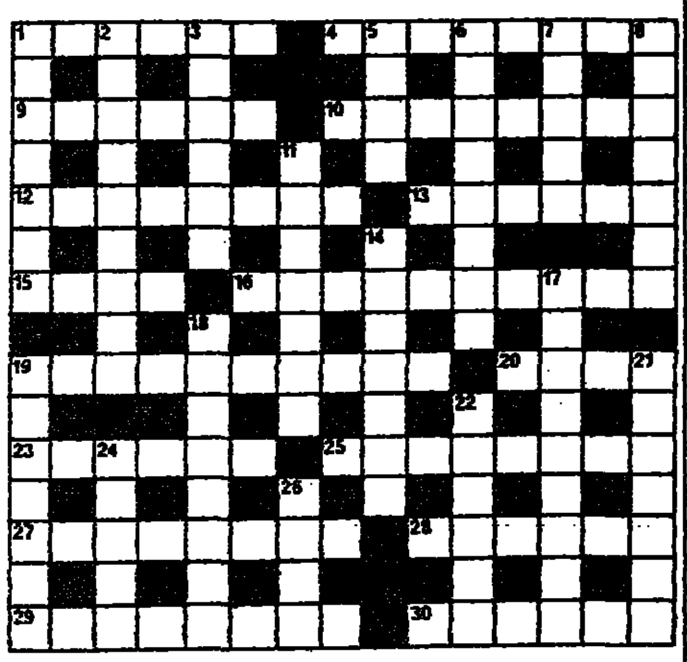
BANK RETURN

BANKING DEPARTMENT	Wednesday December 24, 1986	Increase (+) or decrease (−) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	84,340,916	− 1,902,693
Bankers Deposits	1,183,933,780	+ 251,754,698
Reserve and other Accounts	1,588,186,232	+ 14,597,473
	2,871,013,928	+ 264,449,478
ASSETS		
Government Securities	566,372,756	+ 92,175,000
Advance and other Accounts	622,874,352	− 77,995,304
Premises Equipment & other Secs.	1,671,480,789	+ 250,993,309
Notes	10,096,671	− 765,140
Coin	279,366	+ 41,613
	2,871,013,928	+ 264,449,478

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in Circulation	14,399,903,329	+ 280,765,140
Notes in Banking Department	10,096,671	− 765,140
	14,410,000,000	+ 280,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	2,530,341,800	− 176,374,999
Other Securities	11,868,643,100	+ 456,374,999
	14,410,000,000	+ 280,000,000

FT CROSSWORD PUZZLE NO. 6,214

QUARK



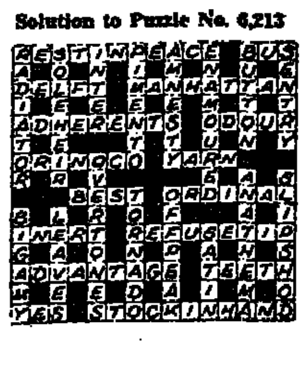
ACROSS

1 He serves bony fish to pore over (6)
4 In favour of lock as a form of defence (8)
9 "Fame" is always coming back around set (6)
10 Writer with melody showing bias (8)
12 A close companion with lady's title such as VERA ASH? (8)
13 The way Wren rebuilt, spread out (6)
15 Abel slain in place of exile (4)
16 A measure for medical purposes (5, 5)
19 Sounds my EP is broken. Could be the loose handles (10)
20 Short time in contribution means a short piece (4)
23 Ample supply for a girl (6)
25 To charge over the odds, note fish (8)
27 Gets the pipe going following gentle drink (6, 2)
28 Carried round Pacific island (6)
29 Mode of transport to strain GB? (8)
30 Act as chief ie top (6)

DOWN

1 It's relevant to anger me when upset (7)
2 About that particular story—it can be made good! (9)
3 Port doesn't, after shaking (6)
5 Deliveries in the past (4)
6 Course language (8)
7 Times the English come together to eliminate (5)
8 Substitute material—one element in TV? (7)
11 Betting? Lost capital, so taking it easy (7)
14 Go up and down regularly (7)
17 Unqualified one over the church makes delivery (9)
18 USA dealt with trouble, getting praises (8)
19 Top of umbrella caught in tree. Lots like it? (7)
21 Man has been through it (7)
22 Call upon to conjure up ... (6)
24 ... some tricks? (5)
26 Fortunately, only some fish (4)

Solution to Puzzle No. 6,213



INSURANCES

AUTHORISED UNIT TRUST & INSURANCES

Sun Life of Canada (UK)—Contd
Pension Plans

Pers. Pens. Account		801.3	----	—
Pens.Mgd.Acc—F.d.Accm	375.9	395.7	+3.0	—
Pens. Equity Fd. Acc.	138.8	146.1	+0.7	—
Pens. Prprty. Fd. Acc.	112.0	117.9	+0.2	—
Pens. Fixed Int Fd Acc.	119.0	125.3	+1.5	—
Pens. Inv. Fd Acc	136.8	144.0	+0.9	—
Pens. Money Fd Acc	115.1	121.2	+0.2	—
Pens. Ind-Lnkd Sec Acc.	100.1	105.3	+0.3	—
Pens. Gtd. Fd. Acc.	113.5	119.5	+0.2	—

Sun Life Unit Assurance Ltd
St James Barton, Bristol BS99 7SL 0272 426911

Managed Acc	436.7	459.7	+1.2	—
Property Acc.	216.6	228.1	-0.1	—
Equity Acc.	589.7	620.8	+1.2	—
Fixed Interest Acc.	197.2	207.6	+0.3	—
Index-Linked Acc	110.1	115.9	-0.2	—
Cash Acc.	183.5	193.2	+0.1	—
American Equity Acc	192.0	202.0	-0.1	—
U.S. Bonds Acc.	137.1	144.4	-1.5	—
Japan Acc.	232.0	244.3	----	—
Pacific Acc.	150.1	158.1	+1.4	—
Far Eastern Acc.	434.6	457.5	-0.2	—
International Acc.	358.2	377.1	+5.2	—
U.S. Dollar Acc.	97.7	102.9	-0.3	—
Yen Acc.	127.6	134.4	+1.5	—
European Currency Acc.	118.6	124.9	+0.5	—
Distribution	173.6	182.8	-0.1	8.46
European	129.7	136.1	-1.0	—

Sun Life Pensions Management Ltd
(funds for individual pension contract)

Pens. Managed Acc.	478.1	503.3	+4.9	—
Pens. Property Acc.	186.9	196.8	+0.4	—
Pens. Equity Acc.	607.1	639.1	+8.3	—
Pens. F. Interest Acc.	202.3	213.0	+0.5	—
Pens. Ind. Lnkd. Acc.	111.1	117.0	-0.2	—
Pens. Cash Acc.	198.9	209.4	+0.3	—
Pens. Amer. Equity Acc.	185.4	195.2	-0.1	—
Pens. U.S. Bonds Acc.	151.0	159.0	-2.1	—
Pens. Japan Acc.	236.0	248.5	+3.3	—
Pens. Pacific Acc.	192.0	202.2	+1.2	—
Pens. Far Eastern Acc.	672.5	707.9	+3.4	—
Pens. Internat. Acc.	501.5	527.9	+12.8	—
Pens. U.S. Dollar Acc.	104.5	109.8	-0.1	—
Pens. Yen Acc.	152.0	160.0	+2.1	—
Pens. Euro. Curr. Acc.	133.5	140.6	+0.9	—
Pens. Euro. Acc.	133.1	140.2	-1.2	—

Swiss Life Pensions Ltd
99-101 London Rd, Sevenoaks 0732 450161

Equity	£243.28	250.80	+1.79	—
Fixed Int.	£152.57	153.33	+1.87	—
Index Linked	£114.29	114.86	-0.94	—
Property	£182.52	188.16	-2.41	—
Cash	£142.48	142.48	+0.35	—
Mixed	£219.99	226.79	+1.73	—
International	£198.66	204.80	+2.61	—

Next sub day Jan 2.

TSB Life Ltd
PO Box 3, Keens Hse, Andover SP10 1PG 0264 62188

Managed Fund	146.7	154.5	-0.1	—
Property Fund	117.9	124.2	----	—
Fixed Int Fund	124.6	131.1	----	—
Money Fund	118.7	125.1	+0.1	—
Equity Fund	191.9	202.1	-0.2	—
TSB Pensions Ltd.				
Managed Pension	400.1	421.3	+1.0	—
Deposit Pension	115.0	121.2	+0.1	—

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks Aylesbury (0296) 394000

Managed	394.9	415.7	----	—
Property	260.9	274.7	----	—
Fixed Int.	155.7	163.9	----	—
UK Equity	460.0	484.3	----	—
Int. Equity	332.2	349.7	----	—
Deposit	157.3	165.6	----	—
Managed Property	208.0	219.0	----	—
American Eagle	112.6	118.6	----	—
Technology	90.0	94.8	----	—
Worldwide Income	176.3	185.6	----	—
Pacific	176.3	185.6	----	—
Australian	87.8	92.5	----	—
Japan	284.6	299.6	----	—
Commodity	103.8	109.3	----	—
Gold	128.1	134.9	----	—
Financial	192.7	202.9	----	—
Income	225.9	237.8	----	—
Special Situations	199.3	209.8	----	—
Preference	133.6	140.7	----	—
Managed Currency	95.2	100.0	----	—
European Spec. Sits.	195.4	205.7	----	—
Sterling	7.4		----	—
Residential Property	98.0	103.2	----	—
Pension Funds				
Managed Pension	1152.0	1212.7	----	—
Gilt Pens.	337.0	354.8	----	—
Property Pens.	609.9	642.1	----	—
Equity Pens.	573.1	603.3	----	—
Index-L Plan	122.6	129.1	----	—

Johnson Fry Plc
Princes Hs, 36 Jermyn St, Ldn SW1Y 6DT 01-439 0924

J. Fry Man M&G Fd (z)	137.7	144.6	----	—
J Fry Man Trgt PnFd(z)	92.7	97.6	----	—
J. Fry Man Vanbrgh Fd.	102.0	107.4	----	—
J. Fry Norwich Union	96.9	101.6	----	—

Knight Williams & Company Ltd
33 Cork Street, London W1X 1HE. 01-409 0271

KW M&G Managed	96.6	101.5	----	—
KW Henderson Man 1	95.2	100.3	----	—
KW Henderson Man 2	96.4	101.5	----	—
KW GRE Managed	101.0	106.4	----	—
KW Schroder Man	97.2	102.3	----	—
KW Provincial Man	96.4	101.5	----	—
KW CM&G FII Man	99.8	105.1	----	—
KW Albany Man	98.8	104.0	----	—
KW Crown Man	—		----	—
KW Ryl Heritage Man	—		----	—

Lamont & Partners Ltd.
48 Charles St., London, W1X 7PB. 01-629 4509

Prime Mangd Accum	166.1	174.9	----	—

Management & Executive Ltd
Royal Hse, Sovereign St., Leeds 0532 435200

M&E RH, Man Fd	136.7	143.9	----	—
M&E GRE Man Fd(z)	121.0	127.4	----	—
M&E Eq Law Man Fd(z)	104.1	109.5	----	—
M&E Crown Man Fd(z)	102.4	107.7	----	—
M&E Schroder Pen Fd(z)	117.9	124.1	----	—
M&E Target Pen Fd(z)	60.8	64.0	----	—

Marsh Financial Management Ltd
2/4 Vale Ave, Tunbridge Wells. TN1 1DJ. 0892 515616

Marsh (M&G) Fund	105.6	111.0	----	—
Marsh (M&G) Pens Fd	119.3	125.4	----	—
Marsh (Target) Fund	104.2	109.7	----	—
Marsh (Target) Pens Fd	57.6	60.7	----	—
Marsh (Schroder) Fund	96.3	101.3	----	—

Noble Lowndes & Partners Ltd
PO Box 144, Croydon 01-686 2466

Lowndes (Cler. Med.)	102.0	107.4	----	—
Lowndes (Scot. Equit.)	101.7	107.1	----	—

The Normlaster Group
71, London Rd, Peterborough, PE2 9BB 0733 42200

Mngd. Scot Mut.	103.8	109.3	----	—
Man-Schroder	99.5	104.7	----	—
Pen Man-Schroder	98.9	104.1	----	—

PBR Fund Management Ltd.
146a Queen Victoria St, EC4V 5AP 01-236 4070

Flexi-Bond	130.0	136.6	----	—
Flexi Pension Bond	119.1	125.2	----	—
Managed Bond		103.1	----	—
Managed Pension		103.2	----	—

The Porchester Group
91 Wimpole Street, London W1M 7DA 01-493 9090

Porchester Managed Funds				
Albany	114.5	120.5	----	—
Cornhill	102.5	108.0	----	—
Irish Life	107.3	113.0	----	—
Royal Heritage	100.0	105.3	----	—
Schroder	96.7	101.7	----	—
Skandia	115.6	121.6	----	—
Target	118.1	124.4	----	—
Trident	110.6	116.6	----	—
Porchester Managed Pension Funds				
Albany	123.6	130.1	----	—
Schroder	98.1	103.2	----	—
Skandia	120.2	126.5	----	—
Target	108.4	114.2	----	—

Managed by Porchester Securities Limited

Sharp (Albert E.) & Co
12 Newhall Street, Birmingham B3 3ER 021-236 5801

Man-Clerical Med	108.7	114.5	----	—
Pens. Man-Schroder	446.1	469.5	----	—

Towry Law & Co
57 High St, Windsor, SL4 1LX 0753 868244

Clerical & Medical	96.9	102.0	----	—
Guardian Royal Exch.	95.3	100.4	-0.3	—
M&G Ass (Life)	109.4	114.9	----	—
M & G Ass (Pens)	124.6	130.9	----	—
Norwich Union Asst Mgt.	53.3	56.2	-0.1	—
Royal Life (UnitLnkdAsy)	99.2	104.4	----	—
Scot Equitable (Life)	146.2	153.9	----	—
Scott Equitable (Pens)	98.6	103.8	----	—
Scot Mutual (Life)	148.8	156.7	+0.5	—
Scot. Mutual (Pens)	135.2	142.4	+0.6	—
Vanbrugh Life Ass.	115.9	122.0	----	—

J. D. Ward & Co Ltd
55 Lincoln's Inn Fields, WC2A 3LX. 01-242 2263

Target Mngd Bond	182.2	191.8	----	—
Target Mngd Pension	120.5	126.9	----	—
Albany Mngd Bond	165.5	174.2	----	—
Albany Mngd Pension	210.3	221.3	----	—

Yorkshire & Lancashire Investment Mgt.

Teachers' Assurance Company Ltd

Transatlantic Life Assur Co Ltd

Trident Life Assurance Co Ltd

Tunbridge Wells Equitable

Tyndall Assurance/Pensions

UK Life Assurance Co Ltd

UK Provident

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Wesleyan & General Assurance Soc

Windsor Life Assur Co Ltd

MANAGEMENT SERVICES

David M. Aaron (Personal Fin. Plans.) Ltd

Ashville Insurance Brokers Ltd

Chase de Vere Investments Ltd

FPS Management Ltd

First Financial Services PLC

Investment Portfolio Services Ltd

OFFSHORE AND OVERSEAS

Actibonds Investment Fund SA

Adig Investment

Albany Fund Management Limited

Alexanders Rouse (Bermuda) Ltd

Alliance Capital Management Intl. Inc.

Allied Dunbar International Fund Mgrs.

Allied Irish Fund Managers (CI) Ltd

Asset Global Funds Ltd

BAII Multicurrency (SICAV)

BIA Bond Investments AG

BNP Inv Mgmt (Jersey) Ltd

Julius Baer Bank & Trust Co Ltd

Banford Brandt Guernsey Mngt. Ltd

The Bangkok Fund

Bankamerica Tst Co (Jersey) Ltd

Barclays Unicorn International

Baring Fund Managers (Guernsey) Ltd

Baring International Group

Barrington Mgmt (CI)—Barrington Fd

Bishopsgate Commodity Ser. Ltd

Brazil Capital Services Ltd

Bridge Management Guernsey Ltd

Bridge Management Ltd

Brown Shipley Fund Mgmt (CI) Ltd

Butterfield Management Co Ltd

CAL Investments (IoM) Ltd

Capital International

Cater Allen Investment Management (CI)

Charterhouse Bank

Charterhouse Fund Mngt. (C.I.) Ltd

Citibank (CI) Ltd "Citifunds"

Cortexa International

Craigmount Fixed Int. Mngrs. (Jersey)

Credit Suisse

DWS Deutsche Ges. F. Wertpapiersp

Daehan Investment Trust Co Ltd

Dantrust Management (Guernsey) Ltd

Dean Witter World Wide Investment Trust SA

Delta Group

Deutscher Investment-Trust

Drexel Burnham Lambert

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. Ltd

Eagle Unit Trust Mgrs (Bermuda) Ltd

Ebc Trust Company (Jersey) Ltd

The English Trust Group

Equitilink International Mgt Ltd

Equity & Law International Fund Mgrs Ltd

Ermitage Management Ltd

Eurolife Assurance Group

S.G. Europe Obligations SA

Europe Prestige Fund SA

Eurotex Investments Ltd

FPM Futures Fund Ltd

Far East Growth Fund

Fidelity International

First Convertible Securities Fund

Fleming Group

Forbes Securities Management Ltd

Foreign & Colonial Management Ltd

Framlington Overseas Fund Mngt. Ltd

Frankfurt Trust Investment-GmbH

Fraikin Fund Limited

GT Management (UK) Ltd

Gartmore Fund Managers Ldn. Agents

Generali Funds SpA

Gestral SA

Global Asset Management Corp.

John Govett Mngmt (Guernsey) Ltd

Granville Management Limited

Grindlay Management Ltd

Greenland Invest Managers (Guernsey) Ltd

Guinness Mahon Fund Mgrs (Guernsey) Ltd

Hambros Bank Ltd

Hambro Pacific Fund Mgmt Ltd

Hambros Fd Mgrs (CI) Ltd

Health 2000 Limited

Henderson Admin. (Guernsey)

Henderson Management SA

Hill Samuel Fd. Mngrs. (Guernsey) Ltd

Hill Samuel Investment Mgmt Intl SA

IBI Trust Managers Ltd

The India Fund

Investment Advisers Inc

International Specialty Fund

Investissements Atlantiques SA

Invicta Investment Management

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kleinwort Benson Group

Kleinwort Benson (Guernsey) Fd Mngrs Ltd

Kleinwort Benson Islamic Fd Mgmt Ltd

Korea Growth Trust

Korea International Trust

Lazard Brothers & Co (Guernsey) Ltd

Lazard Brothers & Co. (Jersey) Ltd

Lloyds Bank (CI) U/T Mgrs.

Lloyds Bank Geneva Switzerland

Lloyds Intl. Money Market Fund Ltd

London Interstate Fund Managers Ltd

MFW Ltd.

M & G (Cayman) Ltd

M & G Island Fund

Man International Futures

Management International Ltd

Manulife International Ltd

Manufacturers Hanover Geofunds

Mercury Fund Managers Ltd

MIM Britannia International Limited

Minerals, Oils Res. Shrs. Fd. Inc.

Multi-Currency Bond Portfolio

Murray, Johnstone (Inv. Advisor)

NEL Britannia Int Ass Ltd

NM Income & Gwth Fd

Nat. Westminster Jersey Fd. Mgrs. Ltd

Newport International Management

The New Zealand Fund

Nikko Intl. Cap. Mngt. Co (Europe) Ltd

Nomura Growth Fund SA

Nomura Prudential Global Portfolio

Northgate Unit Tst. Mngr. (Jersey) Ltd

North Star Group of Companies

Norway Fund Management A/S

PFC Internatl Portfolio Fd Mngt Ltd

Pacific Basin Fund

Pacific Growth Fund

Parinter Bond Fund SA

Perpetual UT Mngrs (Jersey) Ltd

Phoenix International

Premium Life International Ltd

Prestige Management S.A.

Providence Capital International Ltd

Prudential Intl Finance Services Ltd

Putnam International Advisors Ltd

Quilter Goodison International

RM Fund SA

Rothschild Asset Management (CI)

Royal Life Intl. Ltd

Royal Trust Fund Mgmt (CI) Ltd

Royal Trust International Fd. Mgmt. Ltd.

SCUTECH SA

Save & Prosper International

Schroder Mgmt Services (Jersey) Ltd

J. Henry Schroder Wagg & Co Ltd

Schroder Fin. Mgmt. Intl. Limited

Schroders Asia Limited

Scimitar Worldwide Selection Fund Limited

Scrimgeour Kemp-Gee Mngmt. Jersey

Security Selection Ltd

Singer & Friedlander Ldn. Agents

Standard Bank Fund Managers

Standard Chartered Off. Money Mkt Fund

Strategic Metals Corp plc Metal Funds

Stronghold Mgt Ltd

Stronghold Management Limited

TSB Trust Funds (CI)

Taipei Fund

Taiwan (ROC) Fund

Target International Management Ltd

Thornton Management Ltd

Tokyo Pacific Holdings NV

Tokyo Pacific Hldgs. (Seaboard) NV

Top Brand Fund International

Tyndall Guardian Management Ltd

Tyndall International Assurance Ltd

US Federal Securities Fund SA

US Index Fund - SICAV

US Pacific Stock Fund

U.S. Treasury Securities Fund Ltd

Unico Invest Fd Mgt Co SA Lux

Unilife Assurance (Overseas) Ltd

United Fund Managers Ltd

Union-Investment-Gesellschaft GmbH

Viking Fund—SICAV

Warburg Invest. Mngt. Jersey Ltd

Wardley Fund Managers (Jersey) Ltd

Wardley Investment Services Ltd

WestAxon Secs. (Guernsey) Ltd

World Bond Fund SA

World Capital Growth Fund

World Fund S.A.

World Wide Growth Management

10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd		[illegible]	+0.20	—

Yamaichi Capital Mngt (Guernsey) Ltd
22 South St, St Peter Port, Guernsey

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey

Money Market Trust Funds

Charities Aid Funds Money Mngmt Co Ltd
Staple Hall, Stone Ct, Houndsditch, EC3

	Gross	Net	Int Equiv CAR	Int Cr
CAFCASH Call Fund	[illegible]	[illegible]	[illegible]	[illegible]
CAFCASH 7-day Fund	[illegible]	[illegible]	[illegible]	[illegible]

The Charities Deposit Fund
2 Fore Street, London EC2Y 5AQ

The Money Market Trust
65 Qn Victoria St, EC4V 4ST.

Oppenheimer Money Management Ltd
66 Cannon St, EC4N 6AE

Money Market Bank Accounts

Adam & Co. plc
22 Charlotte Sq, Edinburgh EH2 4DF

Aitken Hume
30 City Road, EC1Y 2AY.

Allied Arab Bank Ltd
97-101 Cannon St. London

Bank of Scotland
38 Threadneedle St. EC2P 2EH

Barclays Prime Account
PO Box 125, Northampton

Beneficial Trust Ltd
9 Wimpole Place, W1M 9AE

Brown Shipley & Co Ltd

Charterhouse Bank Limited

Citibank Savings

Clydesdale Bank

Co-operative Bank

Dartington & Co Ltd

Henderson/Bank of Scotland

Legal & General (Money Mngr) Ltd

Lloyds Bank PLC

Lombard North Central PLC

M & G/Kleinwort Benson

Midland Bank plc

M.I.M. Britannia Ltd

NatWest Special Reserve Account

Oppenheimer Money Mngmt Ltd

Phillips & Drew Trust Ltd

Provincial Trust

Royal Bank of Scotland plc

Save & Prosper/Robert Fleming

Tyndall & Co

J. Henry Schroder Wagg & Co Ltd

Western Trust & Savings Ltd

Wimbledon & South West Finance Co Ltd

NOTES

TRADITIONAL OPTIONS
3-month call rates

INSURANCE, OVERSEAS & MONEY FUNDS

American Life Insurance Co UK

Barclays Life Assur. Co Ltd

Cornhill Insurance PLC

Credit & Commerce Life Ins. Ltd

Criterion Assurance Group

Crown Financial Management Ltd

The LAS Group

Legal & General (Unit Assur) Ltd

Liberty Life Assurance Co Ltd

London & Manchester Group

Royal Life Insurance Ltd

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Scottish Provident Institution

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd

APPOINTMENTS

Chairman of Long John International

Mr Tony Derry, managing director of LONG JOHN INTERNATIONAL, has additionally been appointed chairman. He succeeds Mr Peter Jarvis, group managing director of Whitbread and Co, who is leaving the Long John board. Mr Martin Findlay, vice-chariman of Whitbread and Co, has jointed the board of Long John International as a non-executive director.

★

GRANT THORNTON has appointed 11 partners and two principals from January 1. The appointments are: Mr Brian Adams, principal, London; Mr Stephen Baker, partner, Manchester; Mr Ken Cooper, partner, Coventry; Mr Bob Cunningham, partner, Glasgow; Mr Dick Davies, partner, Bradenham; Mr Geoffrey Edwards, partner, Brighton; Mr Paul Gibson, partner, Worthing; Mr Andrew Goodburn, partner, London, Mr Derek Hindley, principal London; Mr Trevor Lewin, partner, Brighton; Mrs Rowena Marsh, partner, Poole; Mr Jeremy Nolan, partner, Manchester; Mr Martyn Shaw, partner, Leicester. At Grant Thornton Management Consultans Mr Brian Adams Mr Bob Cunningham, Mr Andrew Goodburn, Mr Peter Gillett (partner, national) and Mr George Sinemieniuch (partner, Oxford) are appointed directors.

★

The committee of LLOYD'S UNDERWRITERS' NON-MARINE ASSOCIATION for the year 1987 will be as follows: Mr B. P. D. Kellett (chairman), Mr M. V. Williams (deputy chairman), Mr T. G. Holloway (honorary treasurer), Mr R. Ballantyne, Mr M. H. Cockell, Mr M. S. Freeman, Mr R. D. Hazell, Mr R. A. G. Jackson, Mr R. J. R. Keeling, Mr G. E. Lloyd-Roberts, Mr J. W. Pryke, Mr R. D. Robertson, Mr H. R. Rokeby-Johnson, Mr B. R. Smith, Mr J. M. H. P. Wetherell.

★

Mr Robin Lawson has been appointed sales director of ZENITH DATA SYSTEMS. Recently he spent six years as a management consultant advising major organisations, including electronics and computer companies.

★

On January 1 Mr Graeme P. Denison becomes secretary of WILLIAM SINDALL.

★

The principal officers of the ASSOCIATION OF CORPORATE TREASURERS for 1987 are: Mr Gerald Leahy, managing director, Shire Trust, president; Mr Brian Carte, managing director, National Westminster Insurance Services, and Mr Norman Tribble, chairman, Manchester Exchange Trust, vice presidents. Chairman of Council is Mr John Robins, director of financial and management services, Willis Faber. Vice chairman of Council is Mr Robert Carlton-Porter, finance director, English China Clays.

★

AYNSLEY CHINA, part of Waterford-Aynsley (UK), has appointed Mr Bill Daymond as its managing director. He was production director.

★

FORUM CHEMICALS has appointed Mr Peter Duckworth as its chairman. He remains managing director of Forum Holdings. Mr Douglas Peffers, previously sales director and one of the founders, becomes managing director. Ms Helen Conn, who has run the food side of the business, becomes director of the food division. Mr Andrew Cullin, who has run the animal feed business, becomes director of the feed division. Ms Cora Marshallsay, who was one of the founders, becomes director of administration. Forum Chemicals is a division of Forum Holdings, UK marketing subsidiary of The Finnish Sugar Co.

★

Mr Benjamin J. Power has been elected president of the INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS for 1987. Mr Power is administration director and group company secretary of W. & R. Jacob and subsidiaries, which he joined in 1971.

★

COGNOS has appointed Mr Ed Humphrey its managing director for the UK, following the promotion of Mr John Purdon to vice president operations support at Canadian headquarters. He joined Cognos in May 1984 in a sales role and was responsible for the launch of PowerHouse on Digital VAX equipment in the UK. Soon after he became manager of the London district.

★

Mr R. H. Smith, chief executive designate of M. W. Marshall & Co, has been appointed to the board of MERCANTILE HOUSE HOLDINGS.

Mr R. H. Smith joins the board of Mercantile House Holdings

Dr John D. Craggs has been appointed financial director of J. E. REYNOLDS & CO.

★

Mr Roy Simblet, area director, Home Counties, MERCANTILE CREDIT COMPANY, is appointed general manager of the sales development division from January 1. Mr John Buttle will assume responsibility for sales development division, Home Counties, as area director at the same date. Mr Bernard Hallam, general manager, will be responsible for certain special duties until his retirement in the spring.

★

MOLYNX HOLDINGS has appointed Mr N. E. Mavrikakis to succeed Mr Stan Edwards as managing director from January 1. Mr Edwards retires at the end of March.

★

COMMERCIAL INDUSTRIES (UK), which recently acquired ELEMETA, has made the following appointments: chairman and chief executive, Mr "Viv" Davidson; managing director, Mr Andrew Brown; and financial director, Mr Bryan Stewart.

★

Mr Stephen Dixon takes over as managing director of LEX VEHICLE LEASING on January 1. He was group managing director of Lex Industrial Systems. His new post includes Lex Van Contracts and Lex System Leasing. Mr Tony Swainston who was managing director of Lex Vehicle Leasing for the past three years has accepted a post as chief executive of UK and overseas marketing for Wiggins Teape.

★

ST IVES GROUP has appointed Mr Ray Morley as finance director of book printing subsidiary Richard Clay. He was financial controller for Howson-Algraphy, printing supplies division of Vickers.

★

Mr D. L. G. Owen has been appointed managing director of the international marine division of E. W. PAYNE INTERNATIONAL.

★

CLARK WHITEHALL has appointed Ms Shirley Mitchard, Mr Donald Broad and Mr George Cranston as partners in the London office from January 1.

★

Mr W. H. Draisbach will join DRESDNER BANK, London branch as general manager, treasury operations, on January 1. He was managing director at Compagnie Luxembourgeoise de la Dresdner Bank-Dresdner Bank International.

★

WATTS WATTS has appointed Mr David Bond as managing director.

CONSTRUCTION CONTRACTS

Refurbishment in the City

Standard Chartered Bank has awarded a £3.2m contract to ASHBY & HORNER for refurbishment of the ground and three upper floors of its offices at 37-40 Gracechurch Street, EC3. For the Worshipful Company of Fishmongers renovation and refurbishment at 70-72 King William Street, EC3, will provide 13,670 sq ft of offices, incorporating a new lift and staircase core, behind the retained Victorian facade. The development, on lower ground and five upper floors, will be implemented under a £1.3m contract over 65 weeks. A phased refurbishment is to be undertaken for Royal Bank of Scotland at 5-10 Great Tower Street, EC3. Under a £2m contract this eight-storey building is to be refurbished by phases over 78 weeks while the bank remains in occupation. The contract will include upgrading the ground floor banking hall and installation of air conditioning. Other contracts include a 26-week part-refurbishment of the upper ground floor at Salisbury House, London Wall, EC2, for Smith Bros, Newcourt. The £472,000 contract includes renovation and polishing of listed wood panelling. For Gulf International Bank alterations to the dealing room on the first floor at 2-6 Cannon Street, EC4, include installation of additional desks and equipment under a £200,000 contract.

Upgrading for Dundee's cargo handling wharves

Dundee Port Authority has taken another step in the upgrading of cargo handling facilities with the development of the Eastern Wharf and Princess Alexandra Wharf areas at a cost of £2.7m. The project comprises construction of two transit sheds: strengthening of the frontage and load-bearing capacity of the Eastern Wharf; demolition of an obsolete jetty at Princess Alexandra Wharf to accommodate longer vessels, and demolition of obsolete shed accommodation to make way for a floodlit cargo handling area. The modernisation is aimed at improving the facilities for the reception and storage of newsprint and wood pulp from Scandinavia and facilitating handling of new traffic. The sheds will be constructed in line with the one completed in 1984. They will provide accommodation enabling high stacking with access for vehicles. The existing sheds will be demolished to provide a wide cargo handling apron, illuminated by high density lighting. The development has been phased over a five-year period to ensure minimal disruption.

Manchester area projects

'ALLEN BUILDING has secured over £5m in contracts. Among them is an award for the refurbishment of the concourse at Manchester International Airport valued at over £1.7m. Other projects include construction of a factory and offices for AGCO Unicell at Stockport, refurbishment and modernisation of dwellings at Northened and Barlow Moor for the City of Manchester, environmental works for the City of Salford and projects for the Home Office, National Car Parks and the Post Office. Work has also started on a brickwork and finishes package at Brownhills, Staffordshire, for a Hillards supermarket.

★

BULLOCK CONSTRUCTION, Aldridge, has won a £5m plus contract from the PSA Midland region to modernise 390 officers' and airmen's married quarters at RAF Cranwell. The project is one of a number of recently secured refurbishment, repair and modernisation contracts totalling more than £12m including: two barrack blocks at RAF Chicksands (£2.4m); and 97 houses at Saffron, for Leicester City Council (£1.6m).

Spread of orders for Boot

HENRY BOOT has received orders worth £8.5m. A management contract worth more than £2m has been awarded by Underwood Real Estate. The contract involves construction of an air-conditoned five-storey office block with an adjacent four-storey block of flats over three shop units in Marshall St, W1 and will be completed for February 1988.

Work is to start soon on the 65-week construction programme for a 2.5 km single carriageway by-pass and other roadworks around the villages of Rodenhall and Wortwell near Bungay. The contract, valued at £1.5m, is for Norfolk County Council.

Extensions valued at over £1m are to be carried out at The Harrogate International Hotel. The two-storey steel-framed extension, with curtain walling to match the existing hotel elevation, will be completed by May 1987 to provide conference and additional banqueting facilities, and will be linked by a passenger lift to the adjacent International Conference Centre.

A total of 110 homes are to be refurbished in a contract from the Borough of Milton Keynes, worth more than £1m. In the seven-months project at West Bletchley, Milton Keynes, the refurbishment and repair programme will include replacement windows, central heating and rewiring.

Other contracts include £850,000 preliminary works for The International Convention Centre, Birmingham, for the National Exhibition Centre; a £800,000 service reservoir at Water Authority; a £690,000 factory development scheme at the Pontefract for the Yorkshire Enterprise Centre, Batley for Kirklees Metropolitan Council and £350,000 replacement/remedial works at Telecom House, Coventry for British Telecommunications.

★

G. DEW AND CO has been awarded £2m contracts across the whole range of its activities. They include a £940,000 refurbishment building contract at Dorma Home Furnishings of Atherton; sheet piling sub-contract at Gravesend for Fairclough, valued at £282,000, and civil engineering works at the Salford Quays Site No. 7 for the City of Salford, worth £540,000.

S. and J. Whitehead, wholly-owned subsidiary of Dew has been awarded several contracts worth £230,000, including a refurbishment contract at Trinity Street railway station, Bolton—rebuilding of stone walls valued at £70,000. Dew has also been awarded a contract for building extensions to Holy Trinity Church, Dubai, value 1m Dirhams (£194,000).

Sea defence projects for Shephard

SHEPHARD, HILL AND CO., has landed three contracts worth more than £3m. The largest is Phase 3 of the sea defences at at Burnham-on-Sea for the Somerset division of Wessex Water. Shephard Hill have been awarded a £2.6m contract for construction of a 721 metres reinforced concrete wave return wall and stepped revetment supported on piles. Behind the walls will be a new promenade with access to the beach and viewing platforms. The final phase is due for completion by the end of next year.

Shephard Hill is also undertaking work on sea defences at Spitend Marshes on the Isle of Sheppey. The ten-week contract worth £280,000 is for the Kent division of Southern Water and comprises improvements to the sea wall revetment. The seaward face is to be flattened and protected with 10,000 tonnes of granite which will be imported from Norway. Other work includes reconstruction of roads and provision of a roundabout in the Port Talbot industrial area under a £200,000 contract let by West Glamorgan County Council.

★

ALFRED McALPINE has a contract worth £3.7m from Lancashire County Council for road construction work at Barrowford, Lancashire, involving construction of sections of dual two-lane motorway and dual two-lane link road from Barrowford Locks to the A56 Burnley Road at Colne, as part of the M65. The contract includes two roundabouts and two three-span reinforced and prestressed concrete bridges—one over the River Colne and one over the Leeds-Liverpool Canal. The 74-week contract has started. The company also has three contracts totalling over £1.4m for construction, refurbishment and pipelaying work in Wales. The largest worth almost £613,000, for the Development Board for Rural Wales is for construction of two office and factory complexes, one 20,000 sq ft and one 10,000 sq ft. The buildings will have brick walls and be clad and roofed in metal sheeting. The contract will take nine months.

★

TWO contracts, totalling about £1.5m, have been won by ROBERT WATSON & CO (STEELWORK), Bristol. One involves fabrication and erection of steelwork for a new Civil Aviation Authority office at Gatwick Airport. The second, which is a structural frame and cladding construction, is for Ciba-Geigy Plastics at Duxford, Cambridgeshire. The company is a member of AMEC.

£11m work for Benham

BENHAM BUILDING SERVICES has received orders worth £11.1m. They include a £3m mechanical services contract for Phase III of the Medway Hospital development; the £1.86m refurbishment of building 4 at the Building Research Establishment, Garston, for the PSA Mechanical Services; the third phase of airconditioning at Selfridges, Oxford St, costing £1.53m; and mechanical and public health services worth £1.2m for Stolport in London's Docklands.

★

BOVIS CONSTRUCTION has been awarded a £3m fast-track contract by Burton's to fit out an 8,200 sq metre Debenhams store in Hounslow High Street. Work on three floors involves structural alterations to put in escalators, passenger and goods lifts and the provision of staff facilities, stock rooms and loading bay areas. Trading will be on all three levels of the store which will form part of the Treaty Centre, a shopping development in Hounslow. One of the main features over the trading floors wil be the barrel-vault roof light in the escalator atrium. The arched roof will be made of 90 per cent glass framed in aluminium. The 27-week project is due for completion in April.

★

POCHIN'S has been awarded contracts totalling more than £4.5m. The contracts include a £1.3m retail and restaurant development for James Pringle (Inverness) at Llanfair P.G. on Anglesey; structural repairs at Chirk Castle, Clwyd, on behalf of the Property Services Agency (£190,000); a garden centre at Knutsford, for High Legh Gardens (£420,000); workshop renovations for British Rail in Manchester (£330,000); an office block at Daresbury (£423,000); and an Information Technology Institute building for the University of Salford (£588,000).

New stand at Chester track

J. JARVIS has contracts worth over £10m including a £2.3m order to build a new county stand at Chester racecourse. The original stand, a listed building erected at the turn of the century, was destroyed by fire a year ago. The Horserace Betting Levy Board wil meet part of the rebuilding costs. Other contracts are £3m offices for Cornhill Insurance at Guildford and a £3m British Telecom warehouse in Croydon.

★

A £4.5m design-and-construct contract for refurbishment of offices and fabrication facilities for Texas Instruments at Bedford, has been awarded to KYLE STEWART. Work has started on this 18-month, multi-phase project which includes refenestration, to replace original curtain walling and glazing throughout the 25-year-old building complex. A specially-designed insulated screen system is being installed to seal off offices from building areas. This allows offices to continue operating free from dust and noise while MAG Presslock curtain walling and Pilkington anti-sun double-glazing is fitted.

★

MYTON, a member of the Taylor Woodrow Group, has begun work on a £930,000 contract for Sheraton Securities International to build a 40,000 sq ft B & Q D-I-Y superstore in Hayes, Middlesex. Completion is due in late spring.

COMMODITIES AND AGRICULTURE

LONDON MARKETS

THE COFFEE market's pre-Christmas bear trend was still much in evidence after the holiday. With uncertainty about Brazil's 1987 export policy still discouraging buyers and sterling's strength against the dollar adding to the downward pressure the March position on the London futures market dipped to a five-month low of £1,665 a tonne before steadying somewhat to close £53.50 down on balance at £1,687.50 a tonne. On the London Metal Exchange the chief feature was lead's weakness in response to the announcement of a large rise in LME warehouse stocks last week. The impact of the rise was heightened because many traders had been expecting a fall and the cash lead price closed at £341 a tonne, down £17.50 on the day. The nickel market continued to slide, reflecting continuing ample supplies and sterling's firmness. The cash LME price lost £49 to a four-year low of £2,373.50 a tonne.

LME prices supplied by Amalgamated Metal Trading.

INDICES

REUTERS

Dec. 24	Dec. 23	M'th ago	Year ago
1643.7	1642.9	1608.1	1775.9

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Dec. 26	Dec. 23	M'th ago	Year ago
Spot	114.52	114.46	—	124.70
Fut	115.01	114.53	—	133.25

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Dec. 29 1986	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1215/235	+10	$1195/215
Copper			
Cash Grade A	£907.5	−1.75	£924.5
3 mths	£932.25	+1	£948.75
Gold Troy oz	$389.5	−1.375	$391.75
Lead Cash	£341	−17.5	£343
3 mths	£310	−13.25	£319.25
Nickel			
Free Mkt	168/178c	−8	166/186c
Palladium oz	$117.80	−0.55	$119.40
Platinum oz	$476.25	+0.25	$495.50
Quicksilver†	$180/180		$160/170
Silver troy oz	363.20p		383.20p
3 mths	373.05p	+0.80	393.55p
Tin			
Free Mkt	$4518/550		$4580/598
Tungsten	$42.10		$45.57
Wolfram 22.04lb	$52/43		$52/42
Zinc	£564	−7.5	£529.5
3 mths	£543.5	+1.15	£539.75
producers	$878		$870/820
OILS			
Coconut (Phil)	$410z		$415
Palm Malayan	$305w		$307.5
Copra (Phil)	$260		$250
Soyabean (U.S.)	$147		$154
GRAINS			
Barley Fut. Mar.	£113.15	+0.15	£118.00
Maize	£140.00		£145.00
Wheat Fut. Mar.	£112.60	+0.15	£114.50
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar.	£1425	−4.5	£1439.5
Coffee Ft. Mar.	£1587.5	−55.5	£1852
Cotton A Ind.*	63.15c	+0.6	54.10c
Gas Oil Feb.	$147.5	+2.5	$127.5
Rubber (kilo)	64.5p	−0.5	62.85p
Sugar (raw)	$147x		$149
Wooltops 64s	461p kilo	+1	425p kilo

‡ Unquoted. † Per 75 lb flask. c Cents a pound. * Cotton outlook. x Jan-Feb. z Dec-Jan. u Jan. w Feb. y Feb-March.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	789-3	−0.75	796
3 months	796.5-7	−0.75	801/795

Official closing (am): Cash 785.5-6 (—), three months 800-0.5 (—), settlement 786 (—). Final Kerb close: 796-6.5.

Turnover: 33,825 tonnes.

COPPER

Grade A	Unoffic'l close	+ or —	High/Low
Cash	907-8	−1.75	907.5/907
3 months	932-2.5	+1.0	935.5/938.5

Official closing (am): Cash 907-7.5 (—), three months 931-1.5 (—), settlement 907.5 (—). Final Kerb close: 932.5-3.

Standard			
Cash	880-2	—	—
3 months	906-8	−2.5	—

Official closing (am): Cash 878-80 (—), three months 907-8 (—), settlement 880 (—).

US Producer prices 63.00-66.50 cents per pound.

Total turnover: 21,725 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	340-2	−17.5	343/342
3 months	310-1	−13.25	321/309

Official colsing (am): Cash 341.5-2.5 (—), three months 312-3 (—), settlement 342.5 (—). Final Karb close: 309-10.

Turnover: 5,350 tonnes. US Spot: 24.00-29.00 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2370-7	−49.0	—
3 months	2430-2	−36.5	2459/2430

Official closing (am): Cash 2380-3 (—), three months 2440-1 (—), settlement 2383 (—). Final Kerb close: 2435-40.

Turnover: 1,386 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	563-5	−7.5	575/570
3 months	543-4	−1.15	546/543.5

Official closing (am): Cash 574-5 (—), three months 543-3.5 (—), settlement 575 (—). Final Kerb close: 545-6.

Turnover: 6,625 tonnes. US Prime Western: 44.00-44.75 cents per pound.

TIN

KUALA LUMPUR TIN MARKET: Close 16.81 (16.77) ringgit per kg. Up 0.04 ringgit per kg.

GOLD

Gold fell in quiet trading on the London bullion market yesterday. Dealers suggested that liquidation of long positions on the maturity of opions pushed the metal down, while the weaker dollar prevented any marked movement. Gold fell $1½ to $389¼-$389¾. It opened at the day's high of $391¾-$392¼ and was fixed at $391.40 in the morning and $390.10 in the afternoon. The metal touched a low of $388¾-$389¼.

GOLD BULLION (fine ounce) Dec. 29		
Close	$389¼-389¾	(£266-266½)
Opening	$391¾-392¼	(£266¾-267¼)
M'n'g fix	$391.40	(£266.690)
Aft'n'n fix	$390.10	(£265.681)
GOLD AND PLATINUM COINS		
Am Eagle	$402-407	(£273¾-277)
Mapleleaf	$398¼-402½	(£271-274)
Kr'g'r'ng	$391-393	(£266¼-267½)
½ Krug	$198-199	(£134¾-135½)
¼ Krug	$100-101	(£68-68¾)
Angel	$398¼-401¼	(£271¼-273¼)
1/10 Angel	$40½-46½	(£27½-31)
New Sov	$92-94	(£62½-64)
Old Sov	$93-94½	(£63½-64¼)
$20 Eagle	$420-470	(£286-320)
Noble Plat	$488¼-495	(£332¼-337)

SILVER

Silver was unchanged from last Wednesday at yesterday's fixing in the London bullion market at 363.2p. US cent equivalents of the fixing levels were: spot 531.75c, up 1.65c; three-month 540.3c, up 2.4c; six-month 548.2c, up 2.5c; and 12-month 585.05c, up 3.45c. The metal opened at 364½-366¼p (531½-533½c) and closed at 360¼-361¼p (529-531c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	363.20p	—	361.25p	−0.25
3 months	373.05p	+0.80	371.25p	−1.25
6 months	383.10p	+0.80	—	—
12 months	403.50p	+1.45	—	—

LME—Turnover: 54 (0) lots of 10,000 oz.

Three months high/low 372p, final kerb 371-3p.

SOYABEAN MEAL

	Y'sterd'ys close £ per tonne	+ or —	Business done
Feb	[illegible]	−0.30	—
April	[illegible]	[illegible]	—
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	—
Oct	[illegible]	[illegible]	—
Dec	[illegible]	[illegible]	—
Feb	[illegible]	[illegible]	—

Sales: 100 (175) lots of 20 tonnes.

COFFEE

Persistent commission house selling found little resistance as prices slowly eroded and light scale-down price-fixing was easily absorbed. Only some light jobber short-covering on the close could salvage some of the losses in a market void of any fresh fundamental news, reports Drexel Burnham Lambert.

COFFEE	Yesterday close	+ or —	Business Done
Jan	1695-00	−58.0	1745-1665
Mar	1686-90	−53.5	1740-1665
May	1700-05	−55.0	1752-1685
July	1720-25	−55.0	1775-1715
Sept	1740-50	−62.5	1800-1750
Nov	1740-60	−67.5	1800
Jan	1750-60	−55.0	—

Sales: 4,357 (1,886) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for December 24: Comp. daily 1979 125.92 (126.44); 15-day average 130.75 (131.57).

COCOA

A dull day drew to a close some £5 off the previous final call. Producers continued withdrawn but some light consumer and second-hand interest was noted, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or —	Business Done
Dec	1393-1397		1398-1393
March	1424-1425	−4.5	1429-1425
May	1447-1448	−5.5	1451-1445
July	1470-1472	−3.0	1474-1468
Sept	1492-1494	−2.5	1494-1491
Dec	1520-1522	−4.0	1524-1520
March	1549-1550	−5.0	1552-1549

Sales: 1,607 (673) lots of 10 tonnes.

ICCO indicator prices. Daily price for December 29: 91.09 (90.32); five-day average for December 30: 90.22 (89.91) US cents per pound. Daily price 1645.02 (1641.01); 10-day average 1641.30 (1640.98) SDRs per tonne.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 93.48p per kg lw (−0.84). GB—Sheep 230.24p per kg es dcw (+0.38). GB—Pigs 79.23p per kg lw (−0.77).

POTATOES

In thin conditions values slipped in line with generally easier physical quotes, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	106.00	107.00	—
Apr	146.40	147.90	147.60-146.60
May	165.30	167.00	166.50-164.90
Nov	86.50	87.00	—
Feb	99.00	97.50	—

Sales: 428 (405) lots of 40 tonnes.

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
Jan.	703/708	703/700	696
April	737/738	740/736	732/734
July	635/640	640/637	635/638
Oct.	740/750	—	733/738
Jan.	730/740	—	728.5/738.5
Apr.	765/775	—	750/780
July	650	—	650/680
Oct.	750/780	—	750/780
BFI	696	—	693.5

Turnover: 38 (48).

GRAINS

Old crop wheat found country merchant and shippers on both sides of the market. One shipper was noted as an aggressive seller of the March position but this was absorbed by keen flat buying and January/March spreading at a £2.75 differential. Near the close further shipper buying suported prices and the market ended on a steady note. Old crop barley found extremely light volume apart from shipper to shipper trade in January and March. This accounted for virtually the whole of the day's trade and the market closed on a steady note. New crop markets were totally neglected, reports T. G. Roddick.

	WHEAT		BARLEY	
Mnth	Yesterday's close	+ or —	Yest'rdy's close	+ or —
Jan	109.85	+0.25	110.50	+0.20
Mar	112.60	+0.15	113.15	+0.15
May	114.90	+0.15	114.60	+0.20
July	117.45	—	—	—
Sep	101.00	+0.85	100.80	—
Nov	102.85	—	102.80	—
Jan	105.95	+0.85	105.80	—

Business done—Wheat: Jan 109.85, Mar 112.60-2.50, May 114.90, July untraded, Sept 101.00, Nov 102.85, Jan untraded. Sales: 297 lots of 100 tonnes. Barley: Jan 110.50-110.35, Mar 113.15-3.05, May, Sept, Nov and Jan untraded. Sales: 106 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent Jan 104.25, Feb 104.75, Mar 105.10. US no 2 soft red winter Jan 108.00 quoted. French 11½-12 per cent, Dec 140.50. English feed fob Jan 114.50 buyer, Feb 115.60/115.75, April/June 118.00/118.50 buyer/sellers. Maize: US no 3 yellow/French transhipment east coast Dec 142.00. Barley: English feed fob Jan 113.50, Feb 114.50 seller English, 114.76 Scottish, Jan/Mar 115.25/116.00 buyer/sellers English/Scottish, 117.00 seller English, Aug/Sept 118.50 seller English/Scottish.

US MARKETS

PRECIOUS METALS moved lower in thin trading, reports Drexel Burnham Lambert. Failure of the gold and silver markets to move higher despite strong oil prices and a weaker dollar caused many traders to cover long positions. Copper broke resistance levels at the 6985c, 6100c levels before settling back to 6095c. Crude oil moved higher throughout the day. Late in the afternoon it tested resistance at the 17.70-17.75c level. A close above this would be very bullish for the market. In the grains market, maize led a downward movement as it made contract lows. The soyabean and wheat markets followed maize's lead. Orange juice moved lower and set off sell stops near the opening. The weakness is attributed to the mild weather forecast. The coffee market moved lower mostly because of long liquidation.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	50.65	—	—	50.05
Jan	50.90	—	—	50.25
Feb	51.00	—	—	50.45
March	51.15	51.15	51.00	50.60
May	51.30	—	—	50.80
July	51.50	51.50	51.50	51.00
Sept	51.70	—	—	51.20
Dec	51.90	—	—	51.40
Jan	52.10	—	—	51.60
March	52.25	—	—	51.75

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	60.40	60.45	60.30	60.15
Jan	60.36	60.30	60.15	60.10
Feb	60.65	—	—	60.40
March	60.95	61.15	60.80	60.75
May	61.50	61.65	61.45	61.25
July	61.85	62.00	61.85	61.75
Sept	62.10	62.20	62.10	62.05
Dec	62.70	—	—	62.55
Jan	62.90	—	—	62.75
March	63.25	—	—	63.10

COCOA 10 tonnes, $/tonne

	Close	High	Low	Prev
Dec	2007	2000	—	1983
March	1913	1917	1890	1889
May	1940	1943	1920	1915
July	1960	1960	1950	1935
Sept	1982	1983	1982	1956
March	2032	—	—	2008

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
Dec	140.50	140.25	139.00	143.00
March	133.75	136.90	133.60	137.08
May	135.20	138.00	135.10	138.30
July	136.80	138.75	136.80	139.50
Sept	138.50	140.25	138.25	141.00
March	140.5	—	—	143.00
May	140.50	—	—	143.00

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	58.65	59.75	58.39	57.95
May	59.36	59.50	58.35	57.98
July	59.20	59.45	58.40	57.90
Oct	58.50	58.80	58.45	57.60
Dec	58.01	58.50	57.36	57.06
March	58.51	58.69	57.73	57.55
May	58.92	—	—	57.95

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Close	High	Low	Prev
Feb	17.67	17.72	17.40	17.27
March	17.79	17.86	17.55	17.39
April	17.79	17.84	17.58	17.39
May	17.76	17.77	17.57	17.37
June	17.68	17.80	17.52	17.34
July	17.62	17.64	17.50	17.31
Aug	17.55	17.55	17.45	17.25
Sept	17.50	—	—	17.22

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	389.3	392.0	388.5	390.2
Jan	389.8	—	—	391.0
Feb	391.9	394.9	391.2	393.0
April	395.4	398.3	394.8	395.4
June	398.8	401.5	398.0	399.8
August	402.2	—	—	403.1
Oct	405.4	—	—	405.3
Dec	409.0	410.3	408.1	409.8
Feb	412.7	—	—	413.4
June	420.1	—	—	420.8
Oct	405.4	—	—	406.3

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Jan	48.25	48.50	47.80	47.48
Feb	48.55	49.30	48.05	48.70
March	49.00	49.20	48.45	48.09
April	47.65	48.00	47.35	46.74
May	46.55	46.90	46.30	45.52
June	46.10	46.20	45.90	44.85

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Jan	123.00	127.30	122.05	129.5
March	126.15	—	126.15	131.75
May	127.70	131.05	127.70	132.70
July	129.50	130.50	129.50	133.50
Sept	123.90	123.90	123.90	133.50
Jan	129.95	—	—	134.35

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	471.3	474.5	471.0	471.8
April	475.3	479.0	475.0	475.8
Jan	485.8	488.0	488.0	486.3

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Dec	529.0	532.0	528.0	530.0
Jan	530.1	532.0	528.5	531.5
Feb	532.7	—	—	534.1
March	535.6	538.5	533.5	536.5
May	540.3	544.0	539.0	541.9
July	546.1	549.5	544.0	547.1
Sept	552.0	553.0	553.0	553.0
Dec	560.7	563.5	560.0	561.7
Jan	563.8	566.0	568.0	564.8
March	569.7	—	—	570.7

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	5.44	5.50	5.39	5.49
March	6.21	6.25	6.13	6.22
May	6.41	6.42	6.38	6.43
July	6.58	6.54	6.54	6.59
Sept	6.57	—	—	6.65
Oct	6.80	6.80	6.77	6.80
Jan	6.90	—	—	6.90

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	55.37	58.42	55.95	56.62
April	56.15	56.46	56.12	56.57
June	56.47	56.65	56.45	56.70
Aug	54.52	54.80	54.50	54.90
Oct	53.67	54.00	53.65	53.92

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	47.95	48.30	47.70	48.40
April	43.70	44.05	43.15	43.97
June	45.90	46.30	45.70	46.32
July	46.10	46.15	45.75	46.45
Aug	42.37	43.65	43.15	43.60
Oct	40.45	40.70	40.40	40.75
April	39.00	—	39.00	39.72

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	65.05	66.62	65.65	66.55
March	65.25	65.50	64.70	65.67
May	65.52	66.07	65.25	66.10
July	63.75	63.95	63.35	63.92
Aug	61.42	61.65	60.92	61.65

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
March	161.2	164.42	161.0	164.0
May	169.0	171.6	168.4	171.4
July	174.0	176.0	173.4	175.4
Sept	178.4	180.0	178.4	180.0
Dec	182.2	183.4	182.0	183.4
March	190.4	191.4	190.4	191.4
May	194.4	194.4	194.4	195.0

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
Jan	487.4	493.4	487.2	493.0
March	490.4	496.0	490.0	495.0
May	493.5	498.4	493.0	497.6
July	496.4	500.4	496.0	499.6
Aug	486.0	488.0	486.4	488.6
Sept	481.0	481.0	480.4	482.0
Nov	480.4	481.2	480.0	481.4
Jan	487.4	—	—	488.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Jan	140.4	141.4	140.7	141.2
March	141.5	142.1	141.1	141.7
May	142.5	143.0	142.3	142.6
July	143.4	144.0	143.1	143.3
Aug	144.1	144.5	143.5	143.8
Sept	144.5	145.0	144.0	144.5
Oct	145.0	146.0	144.2	144.5
Dec	145.0	146.0	145.0	144.7

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	15.22	15.58	15.30	15.55
March	15.65	15.84	15.65	15.87
May	15.90	16.20	15.90	16.15
July	16.03	16.24	16.03	16.28
Aug	15.98	16.32	15.98	16.25
Sept	15.90	16.06	15.90	16.20
Oct	15.90	16.05	15.90	16.12
Dec	15.90	16.10	15.90	16.12
Jan	15.95	15.90	16.00	16.30

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
March	273.2	277.2	272.2	275.6
May	259.4	262.6	258.4	262.2
July	244.0	246.4	243.0	246.0
Sept	244.2	247.4	244.0	247.4
Dec	250.0	251.4	250.0	252.0
March	273.2	277.2	272.2	275.6

SPOT PRICES—Chicago loose lard 15.00 (same) cents per pound. Handy and Harman silver bullion 531.0 (528.0) cents per troy ounce.

RUBBER

PHYSICALS—The market opened about unchanged, attracted little interest and closed idle, reports Lewis and Peat. Closing prices (buyers): Spot 64.50p (65.00p); Feb 62.50p (63.00p); March 62.75p (63.25p). The Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 220 (same) and SMR 20 200 (same).

FUTURES—Index 662, January 667-670, Jan-Mar 665-675, April-June 675-685, July-Sep: 681-96. Sales: 0.

OIL

Trading in the petroleum products market was thin with many traders taking extended Christmas breaks. Naphtha and gas oil were firmer on strong end-user buying interest. Brent prices firmed around 35c over the day in thin trade. Saudi Arabian and Kuwaiti confirmation that fixed prices will be implemented from February 1 accounted for the strength. February WTI opened 13c up on Nymex and traded 35c up at 1.30 pm EST—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB($ per barrel)—Jan.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.75-16.85	+1.10
Brent Blend	17.65-17.75	+0.65
W.T.I. (1pm est)	17.55-17.70	+0.525
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	160-165	—
Gas Oil	136-139	n/a
Heavy fuel oil	87-90	+0.5
Naphtha	139-141	+5

GAS OIL FUTURES

Month	Yest'rdy's close US $ per tonne	+ or —	Business Done
Jan	143.50	+3.00	143.75-142.25
Feb	142.50	+2.50	[illegible]
Mar	140.50	[illegible]	[illegible]
Apr	140.50	[illegible]	[illegible]
May	140.50	[illegible]	[illegible]

Turnover 3,500 (637) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yest'rdy's close US $ per tonne	+ or —	Business Done
Jan	90.00	+1.75	—
Feb	91.25	+3.50	—
Mar	92.50	+4.00	—

Turnover: 0 (0) lots of 100 tonnes.

SUGAR

Prices firmed on arbitrage buying in line with the Paris market, which rallied on largely currency considerations, reports C. Czarnikow.

No. 6 Contract	Yest'rdy close	Previous close	Business done
	$ per tonne		
Mar	159.6-159.8	158.2-158.4	140.8-158.8
May	143.8-144.0	143.2-143.8	144.2-144.0
Aug	147.6-148.0	147.6-147.8	147.6-147.4
Oct	152.0-152.8	151.4-151.8	—
Dec	154.8-157.0	155.4-155.8	—
Mar	164.8-165.8	164.8-165.0	—
May	167.4-168.8	167.8-169.2	—

Sales: 786 (748) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £203.50 (same) a tonne for export.

LONDON DAILY PRICE—Raw sugar $147.00 (£101.00), unchanged (unchanged) a tonne for January-February delivery. White sugar $1[illegible] unchanged.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for December 23: Daily price 5.49 (5.44); 15-day average 5.72 (5.78).

LONDON METAL EXCHANGE WAREHOUSE STOCKS

(Changes during week ending last Friday)

	(tonnes)
Aluminium	−1,550 to 111,175
Copper	+425 to 174,800
Lead	+4,575 to 37,750
Nickel	+34 to 7,392
Tin	−90 to 39,285
Zinc	−50 to 19,550
	(ounces)
Silver	unchanged at 23,068,000

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar at 6-year D-Mark low

THE DOLLAR fell to its lowest level for nearly six years against the D-Mark, finishing in Europe below the support level of DM 1.95. There were no new factors and trading was very thin after Christmas and ahead of the New Year.

Speculative selling hit the dollar, as demand for the D-Mark increased on suggestions that the German currency will be revalued within the European Monetary System in the near future.

The dollar fell to its lowest level since January 1981, at DM 1.9425, compared with DM 1.9695 on Christmas Eve. It also declined to FFr 6.4275 from FFr 6.48; to SFr 1.6230 from SFr 1.6485; and to Y159.00 from Y161.95.

On Bank of England figures the dollar's index fell to 108.7 from 109.6.

STERLING—Trading range against the dollar in 1986 is 1.5535 to 1.3700. November average 1.4229. Exchange rate index fell 0.1 to 68.9, compared with 76.2 six months ago.

Sterling gained ground against the weak dollar, but declined with the US unit against most other major currencies. Firm oil prices and high London interest rates helped underpin the pound, but the fall of the dollar and fears of a worsening UK balance of payments position next year prevented any further recovery against the D-Mark and other EMS currencies. Sterling rose 1.15 cents to $1.4680-$1.4690, but fell to DM 2.8625 from DM 2.87; to FFr 9.4375 from FFr 9.44; to SFr 2.3825 from SFr 2.4025, and to Y233.50 from Y236.

D-MARK—Trading range against the dollar in 1986 is 2.4710 to 1.9425. November average 2.0227. Exchange rate index 144.7 compared with 135.5 six months ago.

The D-Mark was very strong against the dollar and members of the European Monetary System. The Bundesbank did not intervene when the dollar was fixed at DM 1.9458 in Frankfurt, compared with DM 1.9702 on December 23. This was the lowest fixing for the US currency since January 7, 1981. Trading was very thin however, and dealers were not convinced the dollar's fall below the resistance level of DM 1.95 would not be reversed in the near future. The general trend for the D-Mark is seen to be firm, resulting in a revaluation of the German currency within the EMS after the West German Federal elections on January 25. Speculation about a realignment of the EMS has also been fuelled by the weakness of the French franc after the student riots in Paris.

In Frankfurt yesterday the French franc was fixed a DM 30.20 per 100 francs, compared with DM 30.42 on December 23. The Danish kroner was also weak, falling to its EMS intervention level of DM 26.40 per 100 kroner, where the Bundesbank was believed to have bought about 200,000 kroner.

In Paris the D-Mark was set at a record high of FFr 3.3078, compared with FFr 3.3000 on Friday. The Bank of France was reported to have intervened to support the franc, but not on a large scale.

JAPANESE YEN—Trading range against the dollar in 1986 is 202.70 to 152.35. November average 162.77. Exchange rate index 207.1 against 207.0 six months ago.

The yen rose against the dollar, following a news agency report that Mr Satoshi Sumita, governor of the Bank of Japan, said the central bank would tolerate the dollar sliding below Y160. The US currency fell to Y159.60 from Y160.50 on Friday. It traded within a range of Y159.50 to Y160.00. Mr Sumita was also reported as saying that "although changes will be watched carefully, in one sense rises or falls in the rate cannot be helped." But he added that the situation now is such that businesses do not have to worry about the future of exchange rates.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu December 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.1139	43.2198	+0.25	+0.96	±1.5368
Danish Krone	7.81701	7.86003	+0.55	+1.26	±1.6403
German D-Mark	2.11083	2.07538	−1.68	−0.97	±1.1127
French Franc	6.87316	6.86841	−0.07	+0.64	±1.3659
Dutch Guilder	2.37833	2.34603	−1.36	−0.65	±1.5059
Irish Punt	0.764976	0.763799	−0.15	+0.56	±1.6683
Italian Lira	1476.95	1443.77	−2.25	−1.89	±4.0734

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Dec. 29	Latest	Previous Close
£ Spot	1.4580-1.4610	1.4560-1.4580
1 month	0.56-0.53 pm	0.62-0.60 pm
3 months	1.19-1.15 pm	1.58-1.55 pm
12 months	6.35-6.25 pm	6.40-6.30 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST THE POUND

[illegible]

STERLING INDEX

[illegible]

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

[illegible]

CURRENCY RATES

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

Long-term Eurodollars: Two years 6⅛-6⅜ per cent; three years 7-7¼ per cent; four years 7½-7¼ per cent; five years 7¾-7⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

Dec. 29	£	$
Argentina	1.8240-1.8315	1.2430-1.2470
Australia	2.2035-2.2075	1.5095-1.5110
Brazil	21.6335-21.7390	14.7490-14.8220
Finland	7.0370-7.0490	4.8145-4.8160
Greece	202.25-205.55	138.80-141.05
Hong Kong	11.3545-11.3695	7.7945-7.7975
Iran	110.75*	75.80*
Korea (Sth)	1249.40-1260.70	858.00-865.00
Kuwait	0.42980-0.43300	0.29310-0.29520
Luxembourg	59.40-59.50	40.45-40.55
Malaysia	3.7780-3.7880	2.5930-2.5980
N. Zealand	2.7825-2.7890	1.9055-1.9090
Saudi Ar.	5.5005-5.5060	3.7510-3.7520
Singapore	3.1815-3.1910	2.1840-2.1860
S. Af. (Cm)	3.2420-3.2470	2.2155-2.2190
S. Af. (Fn)	6.4320-6.7275	4.3955-4.5975
Taiwan	51.80-52.10	35.55-35.65
U.A.E.	5.3855-5.3910	3.6725-3.6735

* Selling rate.

EXCHANGE CROSS RATES

Dec. 29	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.469	2.863	233.5	9.438	2.383	3.225	1987.	2.027	59.45
$	0.681	1	1.949	159.0	6.428	1.623	2.197	1353.	1.380	40.50
DM	0.351	0.515	1	81.86	3.309	0.835	1.131	696.6	0.711	20.84
YEN	4.283	6.289	12.22	1000.	40.42	10.20	13.81	8510.	8.681	254.6
F Fr.	1.060	1.556	3.023	247.4	10.	2.525	3.417	2105.	2.148	62.99
S Fr.	0.420	0.616	1.197	98.01	3.961	1.	1.354	834.0	0.851	24.95
H Fl.	0.503	0.739	1.434	117.5	4.750	1.199	1.623	1000.	1.020	29.92
Lira	0.493	0.726	1.407	115.2	4.656	1.175	1.591	980.3	1	29.33
C $	1.482	2.470	4.790	392.8	15.87	4.008	5.425	3342.	3.410	100.
B Fr.	—	—	—	—	—	—	—	—	—	—

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

UK rates show little change

INTEREST RATES were barely changed in London yesterday. Sterling's early weakness saw period rates edge up a little but its recovery during the afternoon left most rates unchanged from last week. Three-month interbank money was quoted at 11⅞-11¼ per cent compared with 11⅛-11¼ per cent. Overnight money opened at 11⅛-10⅞ per cent and touched a low of 10 per cent before finishing at 11⅛ per cent.

UK clearing bank base lending rate 11 per cent since October 15

The Bank forecast a shortage of around £450m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £511m and the unwinding of previous sale and repurchase agreements a further £379m. In addition, Exchequer transactions drained a further £140m. These were partly offset by a fall in the note circulation of £305m and banks' balances brought forward £255m above target. The forecast was revised to a shortage of around £500m.

Assistance in the morning totalled £338m and comprised outright purchase of £12m of eligible bank bills in band 1 at 10⅞ per cent and in band 2 £1m of Treasury bills and £7m of eligible bank bills at 10⅞ per cent. In band 3 it bought £1m of Treasury bills and £51m of eligible bank bills all at 10¾ per cent and in band 4 £1m of Treasury bills and £265m of eligible bank bills all at 10⅞ per cent.

The forecast was revised once more, before taking into account the morning help, to a shortage of around £550m and the Bank gave assistance in the afternoon of £4m through purchases of eligible bank bills in band 4 at 10⅞ per cent. Total help came to £342m.

In Frankfurt short term interest rates remained high. Call money was quoted at 5.45-5.50 per cent slightly down from last week but still nudging the 5.5 per cent Lombard rate. With the heavy drain on funds now largely over, banks have now to find sufficient funds to meet end of month minimum reserve requirements. The Bundesbank extended the maturity date of various Federal paper in an effort to increase money market liquidity but it seems likely that banks will have to draw further on their Lombard allocations in order to meet targets. In the longer term, dealers were not expecting to see rates fall back to pre-year end levels, suggesting that the Bundesbank may be nudging rates firmer in order to counter an expected overshoot in money supply.

FINANCIAL FUTURES

Gilt prices firmer

GILT PRICES recovered from a weaker start in the London International Financial Futures Exchange yesterday to finish firmer on the day. The March contract opened at 111-23, down from 111-25 last Wednesday and was sold initially on the pound's weaker trend and recent forecasts that despite the possibility of a cut in US interest rates, the outlook for UK rates was more uncertain.

The contract touched a low of 111-18 but tended to recover in line with sterling's better performance during the afternoon. It came back to touch a high of 112-15 before closing at 112-13. Sentiment was influenced to some extent by the prospect of higher oil prices and yesterday's announcement that the Soviet Union was looking for a price of $18.30 a barrel.

Despite the turnaround, the outlook for gilt futures remained cloudy. There was little consensus yesterday with many traders still absent because of holidays. Those choosing to participate in such a thin market were also unwilling to say how they viewed sterling's prospects. January has recently been a month of crisis for sterling and signs that the dollar could come under pressure as well created additional uncertainty.

Three-month Euro-dollar deposits for March delivery opened at 93.97 and traded around this level for much of the morning. Recent reports that interest rates in the US may be cut early on in the New Year failed to have much effect and as US bond prices eased so Euro-dollar values declined to a low of 93.92 where they closed, down from 93.95.

Once again it was difficult to see any clear trend with trading volume so low. US leading economic indicators are due for release today and trade figures later in the week but the significance of these numbers may not be felt until next week.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Mar	Calls—Last June	Puts—Last Mar	Puts—Last June
100	12.26	12.43	0.00	0.07
102	10.27	10.50	0.01	0.14
104	8.28	8.62	0.02	0.26
106	6.34	7.18	0.08	0.46
108	4.46	5.48	0.22	1.12
110	3.12	4.26	0.50	1.54
112	1.61	3.17	1.35	2.45
114	1.05	2.22	2.43	3.50

Estimated volume total, Calls 522 Puts 273
Previous day's open int. Calls 31,698 Puts 6,335

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Mar	Calls—Last June	Puts—Last Mar	Puts—Last June
90	9.13	8.35	0.05	0.21
92	7.32	6.53	0.14	0.59
94	5.38	5.10	0.30	1.04
96	4.08	3.60	0.60	1.46
98	2.49	2.53	1.41	2.39
100	1.50	1.60	2.42	3.46
102	1.04	1.18	3.60	5.04
104	0.38	0.52	5.30	6.38

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 801 Puts 443

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Jan	Calls—Last Feb	Puts—Last Jan	Puts—Last Feb
15750	13.01	13.17	0.01	0.17
16000	10.55	10.85	0.05	0.35
16250	8.16	8.67	0.16	0.67
16500	5.94	6.70	0.44	1.20
16750	4.30	4.97	1.00	1.97
17000	2.45	3.43	1.95	3.03
17250	1.35	2.40	3.35	4.40
17500	0.66	—	5.16	—

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 178 Puts 51

LIFFE US OPTIONS / LONDON SE £/$ OPTIONS / PHILADELPHIA SE £/$ OPTIONS / LIFFE—EURODOLLAR OPTIONS

[illegible]

LONDON / CHICAGO

[illegible]

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
March	99.04	100.01	99.01	100-07
June	98.07	—	—	99-10

Estimated Volume 795 (71)
Previous day's open int. 3,172 (3,235)

SWISS FRANC (IMM)
SFr125,000 $ per SFr

	Latest	High	Low	Prev.
Mar.	0.6171	0.6187	0.6164	0.6127
June	0.6205	0.6215	0.6197	0.6156
Sept.	0.6204	0.6240	—	0.6189

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev
March	246.25	247.30	246.15	247.70
June	247.05	248.15	247.00	248.55
Sept.	—	—	—	—
Dec.	249.20	249.75	249.20	250.25

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4685	1.4646	1.4526	1.4355	1.4050

IMM—STERLING Se per £

	Latest	High	Low	Prev
Mar.	1.4540	1.4555	1.4490	1.4455
June	1.4380	1.4400	1.4330	1.4280
Sept.	1.4220	1.4220	—	1.4115

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Mar.	1.4545	1.4533	1.4490	1.4455
June	1.4370	—	—	1.4285
Sept.	1.4210	—	—	1.4120

Estimated volume 10 (0)
Previous day's open int 980 (980)

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec. 29) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 ⅞	offer 6 ⅞	bid 6 ¼	offer 6 ⅜

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

BASE LENDING RATES

[illegible]

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on December 29, 1986. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00	Ghana	Cedi	221.4640	Panama	Balboa	1.4685
Albania	Lek	10.16	Gibraltar	Gibraltar £	1.0	Papua New Guinea	Kina	1.4096
Algeria	Dinar	6.78	Greece	Drachma	203.90	Paraguay	Guarani	(346.20 / 953.765
Andorra	French Franc / Spanish Peseta	9.4375 / 194.0	Greenland	Danish Krone	10.82			
Angola	Kwanza	43.16	Grenada	E. Caribbean $	3.95	Peru	Inti	exc(o)20... / 28.49
Antigua	E. Caribbean $	3.95	Guadaloupe	Local Franc	9.4375			
			Guam	U.S. $	1.4685	Philippines	Philippine Peso	29.40
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(1) Rate is the transfer market (controlled). ... [illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1986 High	1986 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
102	100	Exch. 13¼pc 1987	100 xd	−	—	—
100	97	Treas 10¼pcCv '87	99	+	10.27	11.46
98	92	Exch 2½pc 1987	98	...	2.53	9.41
101	97½	Exch. 10½pc 1987	99	+	10.51	10.78
98	93	Funding 6½pc 85-87	98	+	6.57	9.76
101	96	Treas. 10pc 1987	99	+	10.04	11.00
97	90	Treas 3pc 1987	97 xd	...	3.09	8.76
104½	99	Treas. 12pc 1987	100	+	11.91	10.93
99	92	Treas 7¾pc 1985-88‡‡	97 xd	+	7.97	10.57
104	96	Exch 10½pc '88	99	−	10.59	11.15
102	95	Treas 9¾pc Cv '88	98	+	9.87	10.96
94	86	Transport 3pc '78-88	92 xd	...	3.23	8.24
102½	93	Treas. 9½pc '88	97	+	9.74	11.00
107	98	Treas 11½pc 1989	100	+	11.40	10.99
103	93	Treas 9½pc Cnv 1989	97	+	9.78	10.97
92	82	Treas 3pc 1989	88	+	3.39	8.38
105	95	Treas 10½pc 1989	99	+	10.60	10.93
104	94	Exch 10pc 1989	97 xd	+	10.22	11.03
107	97	Exch 11pc 1989	100	+	11.00	10.97
93	84½	Treas 5pc 1986-89	89	.....	5.61	9.51
110	94	Exch 10¼pcCv '89	100	−	10.19	9.98
114	103	Treas 13pc 1990‡‡	105 xd	.....	12.34	10.90
108	97	Exch 11pc 1990‡‡	100	+	10.99	10.94
113	101	Exch. 12½pc 1990	104	+	12.00	10.92
89	79	Treas. 3pc 1990	84	.....	3.56	8.44
100	89	Treas 8¼pc 1987-90‡‡	93	...	8.86	10.68
106	93	Treas. 10pcCv 1990	97	+	10.30	10.94
86	76½	Exch 2½pc 1990	81½	+	3.07	8.13
112	99	Treas 11¾pc 1991	102 xd	+	11.49	10.93
94	83	Funding 5¾pc '87-91‡‡	86	.....	6.62	9.56

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
		O.F.S.					
305	125	Beatrix Mines	275		Q65c	♦	7.3
923	444	F.S. Cons. Gold 50c	764	+5	Q375c	2.3	61.8
240	95	Free State Dev. 10c	150		Q15c	1.3	3.1
962	474	Harmony 50c	709	+6	†Q265c	3.0	12.2
200	98	[illegible]	200		—	—	—
135	45	Do. Cas A [illegible]	125		—	—	—
150	50	Do. Cas B [illegible]	139		—	—	—
481	178	Loraine R1	306	−1	Q130c	1.8	10.0
996	586	St Helena R1	764	−3	Q410c	♦	17.1
601	313	Unisel	479	−2	Q190c	♦	12.3
		For Welkom Gold Hldgs see Sharf Mines					
		Diamond and Platinum					
158	132	Anglo Am. Inv 50c	152		†Q810c	1.0	4.8
552	312	De Beers Dfd. 5c	513		†Q55c	5.2	3.4
490	275	Do. 40pc Pf. R5	£3½xd	+½	G200c	♦	18.4
820	510	Impala Plat. 20c	766	+5	Q135c	2.5	5.5
675	410	Lydenburg 12½c	619		Q204c	♦	5.2
805	500	Rus. Plat. 10c	699	−4	Q135c	1.6	6.1
		Central African					
210	155	Falcon 25c	202	−3	Q60c	♦	12.5
17	12	Winkie Col. 25l	14		♦Q5c	13.6	15.0
16	10	Zam.Cpr.SBD0.24	11½		—	—	—
		Finance					
98	65	Afex Corp SA $2.50	80		Q7.5c	♦	5.0
£13	350	Ang. Am. Coal 50c	£5⅝		G240c	3.5	14.5
£21⅛	630	Anglo Amer. 10c	980		†Q180c	2.3	5.8
£57½	£30⅛	Ang. Am. Gold R1	£48⅞	+⅛	†Q450c	1.1	9.2
£40	£22	Anglovaal 50c	£29		†Q450c	3.5	4.8
33	11	♦Cogan Gold 12p	30		—	—	—
123	70	♦Cons Afex Corp	90		NQ5½c	—	1.9
701	409	Cons. Gold Fields	661	−2	24.5	1.3	5.2
845	425	Gencor R1	775		Q195c	1.2	7.3
£10⅛	590	Gen'l'e 40c	850	+25	†Q195c	2.2	7.3
33	19	Gold & Base 12½p	27		—	—	—
£10⅛	525	Gold Fields S.A. 5c	925		Q140c	2.0	5.4

[illegible]

Australians

[illegible]

Tins

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
195	120	Ayer Hitam SM1	160		vQ80c	0.7	12.9
72	19	Geevor	32		—	—	—
83	35	Gopeng Berhad M$0.50	50		gQ0.16	♦	11.1
60	17½	Jantar 12½p	49	−1	2.5	0.1	7.2
44	15	Malaysia Mng. 10c	38		‡vQ3c	2.8	‡
17	17	♦Pahang	17¢		B—	—	—
225	150	Pengkalen 10p	175		—	—	—
130	80	Petaling SM1	110		vQ10c	—	2.4
130	70	Sungei Besi SM1	80		—	—	—
150	90	Tanjong 15p	120		—	—	—
140	75	Tronoh SM1	105		‡vQ45c	0.8	‡

Miscellaneous

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
147	30	Anglo-Dominion	147		—	—	—
42	19½	Anglo Utd	33		—	—	—
80	26	♦Colby Res Corp	27	+1	—	—	—
300	115	Cons. Murch. 10c	£1⅞		Q60c	4.4	9.9
44	24	‡Eanes Im. tr10p	39		—	—	—
164	70	Greenwich Res	153		—	—	—
157	93	Hampton Areas 10p	147		♦1.0	—	1.0
327	165	♦Highwood Res	204	−3	—	—	—
£20¾	£13⅞	Homestake Mining $1	£17	−⅛	Q20c	—	0.8
310	156	♦McFinley Red Lake	186	−8	—	—	—
285	137	♦Mosto Explor Mucas	137	−3	—	—	—
51	28	♦New Sabina Res C$1	39½		—	—	—
353	200	Northgate C$1	304	−20	—	—	—
790	513	RTZ	693	+1	22.0	2.4	4.6
£164	£115	Do. 9¼pcLn '95-2000	£141¾	+1	Q9¼%	15.5	6.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed, dealings permitted under Rule 535(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ● Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv 20p	60	−2		
Craig & Rose £1	£34¼	−¼		
Finlay Pkg. 5p	51	−1		
Holt (Jos) 25p	425	+2		
IoM Stm. £1	78	+2		
IRISH				
Fund 13¼% 1988	£97⅞			
Nat. 9¾% 84/89	£91⅞			
Fin. 13% 97/02	£98⅞			
Arnotts	390			
CPI Hldgs	42			
Carroll Inds.	141			
Dublin Gas	18			
Hall (R. & H.)	100			
Heiton Hldgs.	27			
Irish Ropes	145			
Unidare	285			

"Recent Issues" and "Rights" Page 18
(International Edition Page 22)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec 8	Dec 18	Dec 19	Jan 5
Dec 22	Jan 8	Jan 9	Jan 19
Jan 12	Jan 22	Jan 23	Feb 2

" New time dealings may take place from 9.00 am two business days earlier.

Oil hopes again help Government bonds while share markets advance in thin trade

The UK securities markets returned from the Christmas holiday in good form, with equities encouraged at mid-session by an improvement in Government bond prices. Turnover—and market attendance—were well below average, but there was no shortage of speculative situations to keep the equity market alert.

Reports from Amsterdam that the OPEC producers will activate their new pricing levels on February 1 helped both sterling and the gilt-edged market. Government bonds recouped initial falls and moved forward on some very modest retail support. By the close, long-dated bonds showed net gains of ⅜ or so, having eased from their best levels towards the end of the day.

This indication of trends to lower UK interest rates also helped equities, although business in the blue chips was slight. Oil stocks showed a very modest response to an improvement in Brent crude quotations, as well as rumours that the Soviets seek a price of $18.50 a barrel for their oil.

A mid-session gain of eight points in the FT-SE 100 index was trimmed, and the closing level of 1671.6 represented a net gain of 6.5 on the Christmas Eve close. The FT ordinary index added 5.9 to 1307.1. Market indices were firm throughout, although briefly distorted downwards when a marketmaker entered an incorrect price for British Petroleum into the SEAQ system.

The traditional post-Christmas *batch of share recommendations* from the brokerage houses and financial press brought many highlights, particularly in the consumer and retail industry sectors. Sears and Trusthouse Forte were active, while turnover of 1.8m shares in Marks and Spencer marked the group's move into the US retail market.

Jaguar stock strengthened on the announcement that high production levels in the past fortnight had lifted the 1986 output total to record levels. British Aerospace adavanced on its £90m aircraft order from the US.

The bizarre disclosure that Morgan Grenfell and Henry Ansbacher are in disagreement over ownership of 2.15m Guinness shares added a new twist to the Trade Department inquiry into the affairs of the brewing group. But Guinness shares were firm, responding to suggestions that the heavy fall in the price opens up bid prospects.

Morgan Grenfell easier

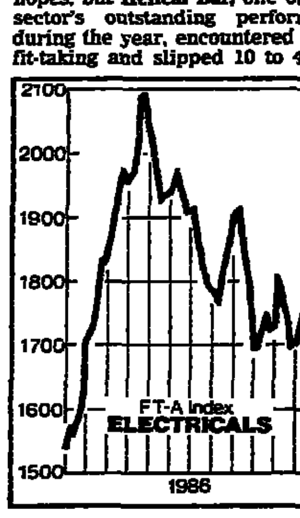
The recent recovery in the share price of Morgan Grenfell was halted yesterday following renewed uncertainty relating to the company's involvement with Guinness; the latter's affairs are currently under investigation by the DTI. MG settled 10 lower at 383p. Elsewhere in the Merchant Banking sector, Hill Samuel attracted fresh support and firmed 4 more to 400p. The major clearers went better initially, but later drifted back to close with minor movements in either direction.

Among Insurances, Royals drifted off to close 13 down at 844p, while Sun Alliance slipped 3 to 639p. *Lloyds brokers showed* Willis Faber 2 dearer at 429p, but Sedgwick 5 off at 305p.

Dealings started yesterday in Stratton Investment Trust, the company formed by the unitisation of Outwich Investment Trust; the price moved ahead from an opening level of 98p to close at 100p.

Breweries proved to be one of the session's brighter sectors as post-celebration cheer gave a welcome, albeit selective, boost to leading counters. Bass were well to the fore rising 16 to 741p, while Allied-Lyons closed 3 dearer at 316p. Despite the deepening imbroglio over the Department of Trade inquiry, Guinness responded smartly to revived suggestions that the company is now vulnerable to a bid and advanced 8 to 289p as some 2.3m shares changed hands. Regionals rarely displayed noteworthy movements, although Mansfield, which probably put on the most disappointing showing in the recent results season, fell 9 more to 388p.

Buyers showed fresh interest in selected Building issues. Blue Circle, in which Adelaide Steamship recently increased its stake to nearly 9 per cent, firmed 8 more to 671p, while RMC rose 7 to 684p ahead of an analyst's meeting due early in the New Year. A chart buy signal boosted Barratt Developments 5 to 159p, while occasional support left AMEC 3 dearer at 271p. Outside the leaders, Nottingham Brick gained 13 to 305p on bid hopes, but Helical Bar, one of the sector's outstanding performers during the year, encountered profit-taking and slipped 10 to 436p.



New Year investment recommendations prompted support for Finlan, 6 higher at 98p, Sandell Perkins, 5 up at 180p and Y. J. Lovell, 8 to the good at 399p. F. Copson firmed 5 to 100p in a restricted market.

Stake-building rumours continued to surround British Benzol which added 2 more to 75p, while *press comment lifted* Sutcliffe Speakman 4 to 60p.

Burton up again

Expectations or record High Street trading together with forecasts of a 1987 consumer spending boom gave the Stores sector another boost. Burton were again lively, benefiting further from Wood Mackenzie's circular, and rose 6 to 284p as some 3.3m shares changed hands. New Year recommendations created additional interest and Woolworth jumped 20 to 710p, while Sears (10m shares traded) improved 2½ to 124p. Dixons rose to 320p before closing only 2 up on balance at 316p. Other beneficiaries of newspaper mention were Albion, 7 higher at 59p, after 62pg Jacques Vert, 8 dearer at 191p, and Martin Ford which gained 3 to 65p. In a thin market, Daks Simpson " A " rose 10 to 425p.

Racal were actively traded (4.5m) but closed littlel altered at 182p, following the announcement that it is buying the 15 per cent minority Millicom Inc. stake in Vodaphone and the 5 per cent Hambros intrest for a total of $160.85m. The deal was accompanied by an upgraded profits projection for Vodaphone. Elsewhere in the Electrical leaders, trading was farly brisk in both GEC and Plessey which closed a shade cheaper at the common price of 184p. Among the New Year tips, Multitone were prominent at 61p up 8, while Renishaw improved 5 to 354p. Personal Computers were noteworthy for a gain of 7 at 125p.

Movements in the Engineering sector were mainly the result of New Yar recommendations in the week-end Press. Clyde Blowers featured a gain of 58 at 225p, while more modest gains of around 7 were recorded in Birmingham Mint at 165p and Vickers at 399p. TI Group, which recently sold Russell Hobbs and Tower Housewares for some £12m to Polly Peck, continued to make heaway amid hopes of further rationalisation moves and closed 7 to the good at 497p.

Cadbury Schweppes were prominent among Foods, rising 5 to 188p reflecting a squeeze on professional bear positions following talk of a broker's recommendation. Old takeover favourite Rank Hovis McDougall added 3 to 283p, while recently-dull Bernard Matthews rallied 5 to 270p. Newspaper comment helped Dee Corporation improve 3 to 211p and ASDA-MFI close 2 better at 156p. Speculative counter Squirrel Horn jumped 16 to 92p in reply to a New Year recommendation.

Leading Hotels made a firm showing. Grand Metropolitan were 3 up at 461p and Ladbroke 4 higher at 380p. Trusthouse Forte were relatively active and closed a shade higher at 177p.

A rather quiet day in the miscellaneous industrial leaders was enlivened by Pilkington (1.9m shares traded) which advanced 8 to 661p in anticipation of an increased offer from BTR. Among the more minor movements, Trafalgar House edged up a few pence to 272p and Beecham closed 3 dearer at 443p. Elsewhere, buying on bid hopes prompted a lively trade in Pearson (2.9m) which closed 15 to the good at 805p. New Year recommendations included Kenyon Securities, 18 up at 338p, Elswick, 3 better at 19¼p, and Williams Holdings, 6 higher at 549p. Metal Closures, the subject of recent newsletter comment, improved 4 to 169p. News of US orders worth around £90m prompted a gain of 8 to 506p in British Aerospace, but profit-taking clipped 10 from Pentland at 485p and 5 from Shiloh at 218p. Wellcome continued to make headway and improved 4 more to 235p. Barrow Hepburn, the subject of an unwelcome offer from Yule Catto, held stady at 58p following news of the agreement to acquire Ter Castings. F. H. Tomkins, scheduled to reveal interim figures on January 12, met with occasional buying interest and put on 5 to 291p.

Three Leisure issues featured on the list of Press New Year investment recommendations and all made progress. Cityvision firmed 3 to 44p, as did Brent Walker, to 216p. Aspinall Holdings improved 2 to 106p.

The twin effects of increased production—1,000 cars a week have been reached for the first time—and the forecast of buoyant new car sales in 1987 lifted Jaguar 7 to 525p. Distributors presented features in H. & J. Quick, a further 6 up at 144p, and Perry, 4 better at 141p, while British Car Auction edged forward 3 to 175p on newspaper comment.

Bunzl attracted support following New Year advice of bid possibilities and ended 4 better at 210p. Associated Paper were also favoured and gained 10 to 283p, while James Cropper put on 9 at 332p. McCorquedale, on the other hand, slipped 5 to 270p. Press comment aroused small buying of selected Advertising Agencies and Davidson Pearce advanced 3 to 138p, while Abbots Mead Vickers improved 4 to 220p.

Secondary issues provided the main movements in the Property sector. Priest Marians firmed 3 to 233p and Rivlin gained 5 to 126p, both reflecting New Year's investment recommendations. Abaco added ½ to 67p for the same reason, while Sheafbank gained 2 to 33p in reply to increased interim profits and the confident *statement. Warner Estate were 10* higher at 885p in a restricted market and Chesterfield firmed 5 to 495p.

P. and O. extended the pre-Christmas revival, helped by favourable comment. Turnover was light but in the absence of any worthwhile sellers the price gained 8 to 516p. A weekend Press recommendation stirred up small interest in Lyle Shipping Preferred which added 1¼ at 4½p.

Tomkinsons and Sekers International were both high on Textile investors' lists. The former advanced 18 rather quickly to 233p, while the former rose 7 more to 129p. Others to continue their recent improvement included S. Lyles, 3 dearer at 127p, and Hugh Mackay, a penny firmer at 111p, but Early's of Witney after reaching a new high point for the year of 162p turned back to end a net 2 lower at 156p.

City and Foreign Investment requested a temporary suspension of trading while a major acquisition was completed. The trust intends to purchase Language School Holdings NV via the issue of new shares and will ultimately lose its investment trust status. Elsewhere, US Debenture Corporation moved up 3 to 327p after newspaper mention. In Financials, NMC Investment improved 3 to 178p for a similar reason, while J. T. Parish rose 6 to 349p.

Oils higher

Business among Oils was light, but the leaders made fresh progress reflecting higher crude prices in the wake of the recent Opec agreement on output and quotas. British Petroleum, in which just over 1m shares were traded, managed a rise of 6 at 721p, but Shell were only marginally better at 981p. Britoil were resilient at 171p, up 2, while Enterprise, still boosted by the acquisition of ICI's oil and gas interests, added 2½ more to 180p.

Potential buyers of Polly Peck backed away as the stock encountered selling pressure and the shares reacted 5 to 175p. Among Plantations, Rowe Evans benefited from a New Year press tip to close 2 higher at 53p.

Golds mark time

South African mining markets again proved to be very much of a backwater. Dealers reported extremely subdued conditions reflecting the marked reluctance of leading international operators to commit fresh funds to the sector. Consequently, quotations held close to pre-holiday levels—a trend many observers expect to continue until well into the New Year.

As on Christmas Eve, however, bullion's consolidation around the $390 barrier—and the slight easing of the Financial Rand against the dollar, prompted sporadic interest from both Cape and Continental sources. Among the favoured stocks, Vaal Reefs hardened a fraction to £55½, as did Randfontein at £62⅞. Smaller-prices stocks showed Venterspost 15 to the good at 564p, and Freegold a few pence up at 764p. Most other issues gave modest ground in sterling terms, however, and the FT Gold mines index fell another 0.6 to 299.0.

Trading in Australian mines was described as "patchy and uninspiring." Much of the business in overnight Sydney and Melbourne was transacted away from the mining posts and London showed little inclination to deviate from the antipodian lead. Selected gold explorers and producers met occasional interest, however, and noteworthy gains were established by Whim Creek, 5 up at 250p and Metana, 7 to the good at 335p.

Traded Options

Although traded option volume fell well short of pre-Yuletide levels, total contracts transacted amount to 14,987-11,344 calls and 3,643 puts. As throughout December, British Gas attracted the lion's share of business, with 4,565 calls done, 2,482 of which were traded in the April 70 series. The class also accounted for 1,018 puts. British Telecom were lively with 550 calls and 806 puts done.

Traditional Options

- First dealings
  Dec 15 Jan 5 Jan 19
- Last dealings
  Jan 2 Jan 16 Jan 30
- Last declaration
  Mar 19 Apr 2 Apr 23
- For Settlement
  Mar 30 Apr 13 May 5

For rate indications see end of Unit Trust Service

Trading conditions were surprisingly busy in options. Calls were taken out in Abaco Investments, TSB, British and Commonwealth, GEC, United Scientific, United Guarantee, Squirrel Horn, ASDA-MFI, Pavion, Amstrad, Sound Diffusion, Hillsdown, Riley Leisure, Hawley, Sears, Morgan Grenfell, Guinness, Dares Estates, Garfunkels, Norfolk Capital, Cannon Street, Trusthouse Forte, Marks and Spencer, Chloride, British Benzol, Metal Closures and Campari. A put was done in Cityvision, while doubles were transacted in Pavion and Royal Insurance.

FINANCIAL TIMES STOCK INDICES

	Dec. 29	Dec. 24	Dec. 23	Dec. 22	Dec. 19	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	83.25	83.14	82.96	82.89	82.32	82.93	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	89.53	89.77	89.72	89.67	89.21	88.78	97.68 (7/7)	86.55 (23/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,307.1	1,301.2	1,294.7	1,286.1	1,272.1	1,133.0	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	299.0	299.6	308.9	309.2	311.4	246.0	357.8 (22/9)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.39	4.41	4.43	4.45	4.49	4.38				
Earnings Yld.%(full)	10.41	10.46	10.51	10.57	10.63	10.88				
P/E Ratio (net) (*)	11.79	11.73	11.68	11.61	11.54	11.34				
SEAQ Bargains (5 pm)	22,827	10,000	25,461	30,012	31,646	—				
Equity Turnover (£m)	—	675.13	867.62	1,234.02	1,299.24	220.69				
Equity Bargains	—	19,138	46,625	46,774	54,328	15,421				
Shares Traded (ml)	—	233.0	430.5	559.1	571.9	109.0				

S.E. ACTIVITY

Indices	Dec. 24	Dec. 23
Gilt Edged Bargains	51.5	108.6
Equity Bargains	124.0	276.4
Equity Value	1364.6	1753.7
5-Day Average		
Gilt Edged Bargains	101.7	111.8
Equity Bargains	289.1	345.9
Equity Value	2151.4	2391.9

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
—	1304.4	1306.2	1306.2	1305.6	1305.6	1305.9	1306.8

Day's High 1307.1. Day's Low 1304.4

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.36.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (109)

BRITISH FUNDS (2), BANKS (3), BUILDINGS (5), CHEMICALS (2), STORES (3), ELECTRICALS (9), ENGINEERING (4), FOODS (7), INDUSTRIALS (15), INSURANCE (3), LEISURE (3), MOTORS (2), NEWSPAPERS (1), PAPER (2), PROPERTY (5), TEXTILES (2), TRUSTS (35), OILS (4), MINES (2).

NEW LOWS (14)

AMERICANS (1) Honeywell, BUILDINGS (1) Henderson Group, STORES (2) Ward White CnvPf, World of Leather, ELECTRICALS (1) Mellerware Intnl, INDUSTRIALS (3) Dominion Intnl, Hille Ergonom, Morris (Wm) Fine Arts, INSURANCE (2) Dewey Warren, Sedgwick, PAPER (1) Clarke Hooper, OILS (1) Shell Transport 7pcPf, OVERSEAS TRADERS (1) GN Great Nordic, MINES (1) Musto Explrn.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	1,700	156	+2	Land Securities	639	377	+3
Allied Lyons	435	316	+3	Legal & Gen.	1,500	248	—
BAT	3,300	471	−2	Lloyds Bnk	129	438	−3
BOC	302	370	+2	Lonrho	677	243	+2
BTR	564	268	—	Marks & Spncr	1,800	183	+2
Barclays	283	504	−5	Midland Bank	204	582	—
Bass	328	741	+16	NatWest Bank	289	533	+1
Beecham	1,000	443	+3	Pearson	2,700	665	+15
Blue Circle	726	671	+8	P & O	479	516	+8
Boots	1,200	231	—	Pilkington Bros	2,100	661	+8
Brit. Aero	431	506	+8	Plessey	1,500	184	−2
Brit. Gas	52,000	65	+ ½	Prudential	246	799	—
Britoil	2,800	171	+2	Racal	5,000	182	+1
BP	1,100	721	+6	Rank Org	1,300	527	−2
Brit. Telecom	2,100	214	—	Reckitt & Col	58	867	+8
Burton	3,300	284	+6	Reuters	784	561	−4
Cable & Wire	320	332	—	RTZ	366	699	+1
Cadbury Schwps.	2,100	188	+5	Rowntree Mac	214	400	—
Coats Viyella	328	468	−1	Royal Insurance	2,100	844	−13
Comm. Union	334	264	—	STC	456	178	+4
Cons. Gold	65	661	−2	Sainsbury	74	416	—
Courtaulds	244	313	−1	Sears	10,000	124	+2½
Dee Corp	1,000	211	+3	Sedgwick	1,000	305	−5
Dixons Grp	1,400	316	+2	Shell Trans	435	981	+1
Fisons	201	535	—	Smith & Nephew	291	126	+1
Gen. Accident	272	797	−2	Standard Chart	4	784	—
Gen. Elect.	3,000	184	−2	Storehouse	730	286	+3
Glaxo	586	£10½	+ $\frac{1}{16}$	Sun Alliance	105	639	−3
Grand Met	582	461	+3	TSB	3,400	74	+3
Gus "A"	27	£10⅝	—	Tesco	172	391	+3
Guardian R.E.	75	767	−2	Thorn EMI	177	467	—
GKN	204	266½	+ ½	Trafalgar House	259	272	+3
Guinness	2,300	289	+8	T'house Forte	814	177	+1
Hanson Trust	5,500	190	+1	Unilever	32	£21$\frac{15}{16}$	—
Hawker Sidd	319	449	+4	United Biscuits	755	231	+1
ICI	839	£10$\frac{15}{16}$	—	Wellcome	1,300	235	+4
Jaguar	410	525	+7	Woolworth	991	710	+20
Ladbroke	308	380	+4				

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	80	11	21
Corporations, Dominion and Foreign Bonds	21	1	48
Industrials	497	313	728
Financial and Properties	165	109	310
Oils	38	21	56
Plantations	3	0	11
Mines	37	56	92
Others	44	63	108
Totals	885	574	1,374

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Mon Dec 29 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Wed Dec 24 Index No.	Tues Dec 23 Index No.	Mon Dec 22 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	692.57	+0.4	9.03	3.77	14.01	17.69	689.99	687.46	682.78	573.88
2	Building Materials (27)	861.62	+0.7	8.80	3.57	14.29	21.45	855.55	853.32	849.95	632.18
3	Contracting, Construction (29)	1184.43	+0.7	7.98	3.92	17.23	32.88	1176.03	1176.33	1171.76	923.35
4	Electricals (12)	1735.18	−0.5	8.68	4.86	14.78	56.02	1744.52	1732.71	1734.06	1530.81
5	Electronics (38)	1537.50	−0.1	9.38	2.68	14.14	30.79	1539.17	1528.60	1498.83	1407.53
6	Mechanical Engineering (61)	392.03	+0.7	10.09	4.22	12.61	11.47	389.22	387.31	384.47	327.64
8	Metals and Metal Forming (7)	353.00	+0.7	10.36	4.21	11.73	10.32	350.64	349.75	349.88	241.87
9	Motors (15)	268.08	+0.8	10.31	3.92	11.18	6.98	266.08	264.46	263.25	209.16
10	Other Industrial Materials (21)	1169.47	+0.1	7.59	4.70	15.63	31.80	1167.94	1168.32	1172.70	1020.11
21	CONSUMER GROUP (186)	950.87	+0.6	8.06	3.36	15.65	22.69	944.78	940.22	937.18	770.66
22	Brewers and Distillers (22)	935.22	+1.3	9.09	3.70	13.81	25.07	923.43	922.29	921.65	790.05
25	Food Manufacturing (24)	735.12	+0.5	9.23	3.83	14.20	19.96	731.30	731.32	732.79	581.06
26	Food Retailing (16)	1865.69	+0.7	7.08	2.87	19.66	35.41	1852.83	1841.15	1810.20	1760.19
27	Health and Household Products (10)	1650.65	+0.7	5.76	2.30	20.14	26.19	1638.74	1630.62	1626.49	1228.72
29	Leisure (29)	978.19	+0.4	7.67	4.15	17.05	27.59	974.29	967.56	963.83	751.47
32	Publishing & Printing (14)	2736.52	—	7.12	4.17	18.11	77.81	2737.53	2728.43	2742.07	1865.18
33	Packaging and Paper (14)	491.65	+0.8	6.96	3.40	18.62	11.91	487.51	487.12	484.29	366.88
34	Stores (38)	837.53	+0.9	7.59	3.22	17.89	18.68	829.79	822.22	817.23	765.51
35	Textiles (17)	549.53	−0.2	9.70	3.72	11.86	14.49	550.38	550.85	548.46	385.59
36	Tobaccos (2)	1315.90	−0.4	12.58	3.93	8.73	38.02	1321.18	1308.38	1313.66	891.13
41	OTHER GROUPS (86)	820.16	+0.2	8.80	4.05	14.58	23.03	818.35	819.41	808.96	718.36
42	Chemicals (20)	1014.95	+0.1	8.74	4.32	13.93	29.68	1013.51	1012.42	1006.35	745.94
44	Office Equipment (4)	260.58	−0.2	7.13	4.08	16.96	7.55	261.17	259.84	259.90	211.86
45	Shipping and Transport (12)	1549.25	+1.0	7.73	4.50	16.48	46.37	1533.16	1516.34	1506.45	1370.44
47	Telephone Networks (2)	849.23	—	11.02	4.54	12.38	27.20	849.23	853.93	839.27	887.43
48	Miscellaneous (48)	1116.10	+0.4	6.92	3.21	17.81	25.09	1112.18	1114.56	1097.02	893.34
49	INDUSTRIAL GROUP (482)	858.96	+0.5	8.48	3.63	14.95	21.72	854.90	852.28	846.80	713.15
51	Oil & Gas (18)	1497.24	+0.3	11.38	6.05	11.11	63.41	1492.22	1491.46	1491.38	1134.37
59	500 SHARE INDEX (500)	913.00	+0.5	8.90	3.98	14.24	24.98	908.86	906.42	901.44	749.37
61	FINANCIAL GROUP (118)	609.11	−0.1	—	4.69	—	19.16	609.97	608.87	607.82	520.94
62	Banks (8)	675.45	−0.2	18.68	5.44	7.35	24.78	676.68	675.98	674.31	542.20
65	Insurance (Life) (9)	857.90	—	—	4.54	—	27.29	857.95	855.22	859.53	790.27
66	Insurance (Composite) (7)	452.25	−0.6	—	4.80	—	15.57	454.98	454.16	454.15	403.56
67	Insurance (Brokers) (9)	1128.90	−0.5	8.46	4.69	15.37	36.30	1134.49	1134.65	1141.19	1169.23
68	Merchant Banks (11)	348.74	−0.5	—	4.18	—	7.81	350.61	349.77	344.22	283.60
69	Property (49)	806.70	+0.4	5.97	3.60	21.79	19.90	803.47	801.20	798.62	669.21
70	Other Financial (25)	362.55	+0.1	9.84	4.41	12.50	10.65	362.22	361.78	360.11	296.98
71	Investment Trusts (97)	871.04	+0.3	—	2.64	—	16.87	868.45	867.94	867.69	649.08
81	Mining Finance (2)	337.53	—	9.26	4.75	12.70	11.30	337.62	334.20	335.40	240.83
91	Overseas Traders (13)	770.80	+0.3	10.31	5.80	11.74	29.87	768.48	766.95	757.35	597.55
99	ALL-SHARE INDEX (730)	831.99	+0.3	—	4.05	—	23.11	829.11	827.01	823.18	682.94

	Index No.	Day's Change	Day's High	Day's Low	Dec 24	Dec 23	Dec 22	Dec 19	Dec 18	Year ago
FT-SE 100 SHARE INDEX ‡	1671.6	+6.5	1673.1	1670.5	1665.1	1660.9	1652.2	1632.2	1638.6	1412.6

FIXED INTEREST

	PRICE INDICES	Mon Dec 29	Day's change %	Wed Dec 24	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	119.38	+0.08	119.65	0.37	11.68
2	5-15 years	131.49	+0.23	131.18	—	13.89
3	Over 15 years	137.71	+0.29	137.31	—	13.60
4	Irredeemables	149.01	+0.02	149.95	0.97	14.54
5	All stocks	129.56	+0.19	129.45	0.14	13.29
	Index-Linked					
6	5 years	115.63	+0.06	115.57	—	2.37
7	Over 5 years	111.66	−0.11	111.78	—	3.30
8	All stocks	112.27	−0.09	112.36	—	3.14
9	Debentures & Loans	112.19	−0.11	112.32	—	11.81
10	Preference	78.83	+0.04	78.80	—	6.56

	AVERAGE GROSS REDEMPTION YIELDS		Mon Dec 29	Wed Dec 24	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	9.81	9.83	10.19
2		15 years	10.17	10.22	10.34
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		10.07	10.07	9.80
	Index-Linked				
11	Inflat'n rate 5%	5 yrs.	3.89	3.90	0.0
12	Inflat'n rate 5%	Over 5 yrs.	[illegible]	[illegible]	[illegible]
13	Inflat'n rate 10%	5 yrs.	[illegible]	[illegible]	[illegible]
14	Inflat'n rate 10%	Over 5 yrs.	[illegible]	[illegible]	[illegible]
15	Debs & Loans	5 years	11.73	11.63	11.69
16		15 years	11.41	11.39	11.47
17		25 years	11.41	11.39	11.47
18	Preference		11.86	11.86	12.81

‡Opening index 1672.9; 10 am 1670.5; 11 am 1671.3; Noon 1671.7; 1 pm 1671.6; 2 pm 1671.0; 3 pm 1670.2; 4 pm 1671.6.

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
Allied Lyons (*316)	280	38	50	55	1	5	10
	300	20	35	40	3	8	15
	330	2	15	23	18	22	32
	360	0½	7	—	48	48	—
B.P. (*722)	550	175	185	—	1	3	—
	600	125	135	—	1	6	—
[illegible]							

Option		Calls Feb.	Calls May.	Calls Aug.	Puts Feb.	Puts May.	Puts Aug.
Ladbroke (*380)	300	88	—	—	1	—	—
	330	58	65	73	1	3	5
	360	32	45	52	5	11	15
	390	12	27	37	17	25	25
LASMO (*158)	120	41	43	—	1	3	—
	130	32	34	—	2	4	—
[illegible]							

December 29. Total Contracts 14,987. Calls 11,344. Puts 3,643. FT-SE Index. Calls 702. Puts 95.
*Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§122	F.P.	2/1	153	135	‡Ashtead Group 10p	149	+1	R3.0	3.5	2.8	14.2
—	F.P.	—	50	27	Australia Inv. Wrts	50	—	—	—	—	—
¶¶	F.P.	—	67	65	‡Avesco (Reg) 1p	67	—	L0.5	4.6	1.1	17.2
§38	F.P.	28/11	44½	39	‡B.C.E. Hldgs 5p	45½	—	Rd0.0	3.0	3.1	15.1
¶¶	F.P.	—	27	24	Benson (SGB)	[illegible]					
¶¶	F.P.	—	44	37	‡Border TV	[illegible]					
135	50	20/2	68	61	British Gas	[illegible]					
[illegible]											

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA | GERMANY | NORWAY | AUSTRALIA (continued) | JAPAN (continued)

BELGIUM/LUXEMBOURG | SPAIN | SWEDEN | HONG KONG | SINGAPORE

DENMARK | ITALY | SWITZERLAND | JAPAN | SOUTH AFRICA

FINLAND | FRANCE | AUSTRALIA

NETHERLANDS

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO
Closing prices December 29

[illegible]

MONTREAL
Closing prices December 29

[illegible]

Indices

NEW YORK

[illegible]

NYSE-Consolidated 1586 Actives

[illegible]

Advances 387 Declines 1,155

TORONTO	Dec 29	Dec 26	Dec 24	Dec 23	1986 High	1986 Low
Metals & Minls	1,957.5	1,961.8	1,958.53	1,938.58	2,442.86 (21/3)	1,917.4 (5/8)
Composite	3,046.1	3,027.7	3,046.85	3,041.88	3,129.11 (18/4)	2,754.9 (17/2)
MONTREAL Portfolio	633.74	1,531.98	1,538.86	1,534.8	1,623.3 (18/4)	1,386.6 (22/1)

* Indicates pre-close figure

** Saturday December 27: Japan Nikkei 18,701.3. TSE 1,556.37.

Base value of all Indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER
Nasdaq national market, closing prices

Continued from Page 25

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LONDON
Chief price changes
(in pence unless otherwise indicated)

RISES

Albion	59	+ 7
Assoc. Paper	283	+10
Bass	741	+16
Birmingham Mint	165	+ 7
Blue Circle	671	+ 8
British Aerospace	506	+ 8
BP	721	+ 6
Burton Group	284	+ 6
C'bury Schwep.	188	+ 5
Clyde Blowers	225	+55
Finlan (John)	98	+ 6
Guinness	289	+ 6
Jacques Vert.	191	+ 8
Jaguar	525	+ 7
Kenyon Secs.	338	+18
Nottingham Brick	305	+13
P. & O. Defd.	516	+ 8
Pilkington Bros.	661	+ 8
Quick (H. & J.)	144	+ 6
RMC	684	+ 7
Sekers Intl.	129	+ 7
Squirrel Horn	92	+16
TI	497	+ 8
Tomkinsons	233	+10
Vickers	399	+ 8

FALLS

Polly Pack	175	− 5

NEW YORK CLOSING PRICES

Continued from Page 25

[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
26½	17	AAR s	.44	1.8	17	12	24¼	24	24¼	+⅛
30	21¾	ADT	.92	3.4		295	26⅞	26¼	26¾	+½
33	16⅝	AFG s	.12b	.4	14	136	28¼	28⅛	28⅞	−¼
29	16¼	AGS			18	143	27⅞	27⅝	27¾	
15	6¾	AMCA				35	7	6⅞	7	
62⅛	38¼	AMR			13	5704	54⅞	54	54	−¾
16½	10	ARX	.71t	6.2	11	101	11⅝	11⅜	11½	
41½	28¾	ASA	2a	5.6		279	35¾	35½	35¾	+¼
18⅝	9¾	AVX			30	98	10¾	10⅝	10¾	
32	26	AZP	2.72	9.6	8	2774	28⅜	28¼	28⅜	
55	31⅝	AbtLb s	.84	1.8	21	2398	48⅛	47¼	47¼	−¾
32	25	AccoWd	.56	2.2	17	419	25¾	25½	25¾	−⅛
14⅞	9	AcmeC	.40	3.6		160	11⅛	10⅞	11	−⅛
9¼	6⅛	AcmeE	.32b	5.1	16	67	6⅜	6⅛	6¼	−⅛
23⅞	17½	AdaEx	4.45e	23.		384	19⅞	19	19⅛	−⅝
16⅝	9¾	AdmM s				120	14⅛	14	14	−¼
20⅝	12⅛	AdvSys	1.45t	8.2	14	85	17⅞	17⅝	17⅝	
32⅞	12⅞	AMD				1546	14⅛	13⅝	14	−⅛
12⅝	5¼	Adobe				152	6⅜	6¼	6¼	−⅛
18⅝	13¾	Adob pf	1.84	12.		54	16	15¾	16	+⅛
20¼	16⅝	Adob pf	2.40	14.		160	17⅞	17½	17¾	
18⅝	11⅛	Advest	.12a	1.0	9	80	12⅜	12⅛	12⅛	−⅜
66¼	52⅞	AetnLf	2.64	4.6	8	1110	57⅛	56⅝	56⅞	−⅜
54⅝	51⅛	AetL pf	3.94e	7.6		2	51¾	51¾	51¾	
73⅜	34⅞	AfilPb s	.44	.6	35	53	72¼	71⅝	71⅝	−¼
28¾	15¾	Ahmns	.46	2.2	7	1635	21½	21	21¼	−½
5¾	2⅞	Aileen			64	435	4½	4⅛	4½	+½
41⅝	22⅞	AirPrd s	.80	2.3	33	1231	35⅜	34⅞	35⅛	−½
32	16	AirbFrt	.60	2.1	20	181	29	28¾	29	+⅛
8⅞	6¼	Airgas n				467	8⅜	d	8⅜	
20⅝	17⅞	AirlsE	n.49e	2.8		69	17⅞	17½	17¾	+⅛
2	¼	AlMoan	.60c			2015	13-32	13-32	13-32	
29	25⅝	AlaP pf	1.94e	7.4		400	26¼	26⅛	26¼	+¼
10¾	8¼	AlaP dpf	.87	8.7		46	10	10	10	
106½	87	AlaP pf	9	8.8		z970	102¾	102½	102⅝	−⅞
103½	77½	AlaP pf	8.16	8.3		z100	98⅛	98⅛	98⅛	−⅛
95	74¾	AlaP pf	8.28	9.1		z240	91	90½	91	
22¾	14¼	AlskAir	.16	.8	16	912	20⅝	20⅜	20⅝	−⅛
25	13½	Albrto s	.21	1.1	29	47	21	20	20	−1
23¼	13½	AlbCul	.21	1.2	27	11	18½	18¼	18¼	
49½	30½	Albtsns	.84	2.0	15	290	43¾	42⅝	42¾	−1¼
34⅝	27⅝	Alcan	.80	2.9		970	28⅛	27⅞	27⅞	−¼
45¾	35½	AlcoStd	.28	3.0	16	122	43⅛	42⅞	42⅞	−⅛
42⅜	25½	AlexAlx	1	3.8	127	566	26⅞	26½	26⅝	−¼
49	34½	Alexdr			113	105	38⅞	38½	38½	−⅜
66½	66	AlgCp wi				17	u67	66	66½	
25¼	11⅜	AlgInt	.35j	2.8		249	13⅛	12⅝	12⅝	−⅜
19¾	9½	AlgIn pr	1.64j			24	13⅞	13¼	13¼	−⅞
93½	39	AlgI pfC	8.44j			35	48	47⅛	47⅛	−⅞
53⅞	31⅝	AlgPw	2.92	6.6	11	1247	45⅜	44	44¼	−1½
27¼	14¼	AllenGs	.56	3.4	16	315	16⅝	16	16¼	
28⅞	20⅞	Allen pf	1.75	7.8		24	22½	22½	22½	
45½	22¼	AlldPd			11	79	34¼	33⅜	33½	−¾
49½	36¾	AlcSgnl	.80b	4.5		3506	41½	40⅛	40½	−1⅝
68¼	33	AldStr s	1.16	1.7	69	1416	u68⅝	68⅛	68½	+⅜
10⅛	5⅞	AlldSup			13	296	7⅛	6⅞	7	
6¼	2⅛	AllisCh				612	2⅝	2½	2⅝	+⅛
40¾	25¼	AlisC pf				6	28	28	28	
45	29	ALLTL	2.04	5.1	12	209	41½	40⅜	40⅜	−⅞
57¼	38¼	ALLT pf	2.06	3.7		1	55	55	55	+2
46⅜	32⅜	Alcoa	1.20	3.6		1702	33⅞	33⅜	33¾	
16⅝	10½	Amax				1480	12⅜	12	12	−½
29	16½	AmHes	.27j			1855	24⅞	24¼	24½	−⅜
121⅝	82¼	AHes pf	3.50	3.3		2	107	105½	105½	−½
1⅞	½	AmAgr				433	¾	⅝	11-16	
52½	31¼	ABrnd s	2.08	4.9	14	1878	43	42¼	42⅜	−¼
34⅞	30⅜	ABrd pf	2.75	8.3		39	33¼	32⅞	33¼	+⅜
101	64	ABrd pf	2.67	3.1		9	85	85	85	−1
29	20⅞	ABldM	.90	4.1	14	40	21⅞	21⅝	21⅞	
36⅞	23¼	ABusPr	.76	2.8	14	19	27¼	26¾	26¾	−¼
91⅞	59¼	AmCan	2.90	3.4	12	784	85¼	84⅝	84⅞	
73	51½	ACan pf	3	4.1		94	73⅜	73⅛	73⅜	+⅜
119½	113¼	ACan pf	13.75	12.		26	114¼	114⅛	114⅛	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 25

NYSE COMPOSITE CLOSING PRICES

Continued from Page 24

[illegible]

Continued on Page 23

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices

[illegible]

Continued on Page 23

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Sales revival fails to help stores

WITH MANY investors marking time during another holiday-shortened week, Wall Street stock prices fell in light trading yesterday, *writes Roderick Oram in New York.*

Credit markets were similarly quiet, although bond prices retreated more than a point in thin trading against a background of a weaker dollar and higher oil prices.

The Dow Jones industrial average closed down 18.28 at 1,912.12, near its low point of the day. The NYSE All Common index lost $1.25 to $139.89. Trading volume totalled 99.8m shares, with declining issues outpacing rises by about three-to-one.

Among blue chips, American Express slipped 5⅜ to $58⅜, AT&T eased 5⅛ to $25⅜, Chevron gained 5⅛ to $45⅞, McDonald's shed $1 to $62¼, IBM lost $1⅞ to $120⅝, Philip Morris was unchanged at $73⅞ and United Technologies lost $⅞ to $46⅝. Merck fell $4 to $125 dragging down other drug companies with it. Its shares succumbed to profit taking after rising more than $12 last week.

Despite indications that retail sales picked up in the last few days before Christmas, stocks of many store groups continued to slide. J. C. Penney lost $1⅞ to $72½. Federated Department Stores dropped $1⅛ to $83⅞ and Sears Roebuck eased $⅛ to $40½ while K mart was unchanged at $44 and Woolworth edged up $⅛.

Borg Warner fell $⅛ to $39⅞. Mr Irwin Jacobs, the Minneapolis-based corporate raider, said he had an option from brokers Bear, Stearns to buy 1m shares which would raise his Borg Warner stake to about 12.4 per cent. The company is fighting efforts by a Jacobs-led investment group to take it over.

Pandick fell $⅛ to $25⅛ on volume of more than 1m shares by early afternoon, making it the most active New York Stock Exchange issue. The financial and corporate printer said it was sticking with a management buy-out proposal at $25⅛ a share despite the start of an offer of $28 a share from Service Resources.

Purolator Courier was up $⅞ to $27⅞. Last week it agreed to sell its Canadian operations for $170m to Onex Capital of Toronto.

Zenith National Insurance gained $⅞ to $22⅞. Reliance, the insurance group run by Mr Saul Steinberg, increased its stake to 24.1 per cent.

Trading was likewise extremely thin in the credit markets, making analysts cautious about drawing any conclusions. The fall in bond prices by up to two-thirds of a point was mostly attributed to a weaker dollar but some doubts had also crept into the market about the direction of the economy.

The price of the benchmark 7.50 per cent Treasury long bond was off 1⅛ points at 100²⁄₃₂ yielding 7.42 per cent. The decline in prices was steeper at the long end of the yield curve than the short.

Three-month Treasury bills gained 11 basis points to 5.67 per cent, six-month bills jumped 10 basis points to 5.68 per cent and year bills were up nine basis points to 5.66 per cent.

The broad consensus among economists had been for a slowing of the economic growth rate early next year. But more are now beginning to question that view. In fact, the Commerce Department's index of leading economic indicators to be published this morning could show a strong 0.8 per cent rise in the November index from 0.6 per cent in October.

Analysts will be watching closely tomorrow for signs from the November trade figures that the recent trend of trade deficit reduction is being maintained. Falling imports and rising exports benefit domestic manufacturers.

EUROPE

Brussels is main focus of activity

TRADING remained very light on most European bourses yesterday in the holiday gap between Christmas and the new year and no overall trend emerged.

The exception was **Brussels**, which enjoyed an unexpected burst of activity at mid-session that pushed share prices to a generally firmer close.

There was no obvious new factor to move the Belgian market, but leading share Petrofina added BFr 60 to a 1986 high of BFr 9,970 on technical buying as investors appeared to be testing the psychological 10,000 threshold before the end of the year.

Chemicals were also actively traded, with UCB benefiting from foreign interest following its forecast of broadly level earnings in 1986. UCB gained BFr 230 to BFr 9,900, a high for the year. Gevaert added BFr 130 to BFr 6,380, but Solvay lost BFr 110 to BFr 8,200.

Frankfurt ended with prices little changed after a very quiet session in which the dollar's fall through the DM 1.95 level had only limited impact on some exporters. The Commerzbank index was up 5.4 from last Tuesday at 2,049.0.

The market ignored Siemens' problems over US moves to bar sales of telecommunications equipment by foreign suppliers and the blue chip advanced a strong DM 13 to DM 746.50.

The car sector, however, suffered from the dollar's fall, with BMW down DM 5 at DM 582, Daimler ex-rights off DM 1.50 at DM 1,241.50 and VW losing DM 2.30 to DM 430.90.

Chemicals, banks and electricals were mixed.

Bonds finished narrowly mixed after a quiet session, with many investors away for the holiday. The Bundesbank sold DM 16.7m worth of paper in its daily market-balancing operation after selling just DM 3.0m last Tuesday.

Amsterdam also had a very thin session with many investors staying away and foreign buying interest dampened by the dollar's decline. The ANP-CBS General index was down 0.8 from last Wednesday at 279.5.

KLM was off 50 cents at Fl 40.20 after last week's decision by the company's supervisory board to withhold permission for the takeover of Hilton hotels.

Zurich saw a little selective buying and closed mixed to firmer in fairly low turnover.

Among gains, Swiss Reinsurance registered stocks added SFr 225 to SFr 7,600 after analysts' recommendations.

Paris suffered losses in thin volume. Many buyers were kept away by the continuing rail strike, in which President Mitterrand yesterday urged his Government to intervene.

Among losers, Maisons Phenix fell FFr 29 to FFr 188 a 1986 low, after its heavy drop last Friday following its forecast that losses would continue through next year.

Milan trading was quiet and focused on selective blue chips, with share prices ending slightly higher.

Stockholm closed narrowly mixed to lower, while **Oslo** managed a slight rise in dull trading.

Madrid rose in active trading, led by utilities, oils and key stock Telefonica, which added 4.7 to 171.7 per cent of nominal market value. The Madrid stock exchange index, up to now reset at 100 on the first trading day of each year, will continue on January 1 from the last day of 1986.

CANADA

THERE WAS little change in quiet share trading in Toronto, but golds fell moderately and industrials, mining issues and utilities were all down slightly.

Banking, industrial and mining issues all fell slightly in Montreal.

SOUTH AFRICA

THE QUIET market mood continued in Johannesburg where golds firmed as the gold price held steady above $390 and the financial rand weakened. Industrials closed mixed with a firmer bias.

Mining financials and most other minings shadowed golds.

TOKYO

Peaks and troughs of a liquid year

JAPANESE share prices fluctuated widely in 1986 and benefited from the glut of liquidity as institutional investors poured funds into the stock market in the absence of business demand for finance caused by the deepening economic slump, *writes Shigeo Nishiwaki of Jiji Press.*

From a low of 12,881 in January the Nikkei market average rose rapidly to a record 18,936 on August 20, a boost of 47 per cent. The average then fell to 15,819 by mid-October as concern mounted over the record rises, but it bounced back towards the end of the year.

Most of the surplus liquidity flowed into the stock market through "tokkin funds" and "fund trusts" – special trust accounts favoured by investors for tax and accounting purposes. The balance of these accounts amounted to Y17,380bn ($107bn) at the end of October, up Y8,700bn from the end of last year, and is expected to reach Y20,000bn at the end of this month, indicating that about Y1,000bn in new funds poured into the market every month.

Tokyo is shut this week for the new year holiday.

The fund managers were quite bullish against the background of the yen's rise against the dollar, cheaper crude oil and falling interest rates since the beginning of the year.

Without regard to such traditional investment criteria as price-earnings ratios, investors played "money games" this summer, seeking to earn maximum capital gains.

Buy orders for large-capital issues such as steel and shipbuilding, which were considered certain to become non-dividend-paying due to the yen's appreciation, were placed with securities firms en block of 10m shares worth Y3bn to Y4bn.

Trust banks with huge funds under management and investment advisory firms had to appoint inexperienced young employees as fund managers in the face of mounting orders. These raw young players took part in the money game, earning large capital gains.

As a result, record levels were seen not only in the Nikkei average but in other indicators as well, such as the daily turnover on the first section of the Tokyo Stock Exchange and market capitalisation.

In October, share prices tended sharply downward when the market no longer had the benefit of the three major factors bolstering investor enthusiasm for stocks – a stronger yen, cheaper crude oil and falling interest rates.

The Nikkei average tumbled 17 per cent from the summer peak, with steels and shipbuildings leading the way. Nippon Kokan fell 48 per cent from Y346 to Y180 and Ishikawajima-Harima Heavy Industries 47 per cent from Y664 to Y355.

The market rebounded from the plunge towards the end of the year. But the experience of the October slump was so bitter that young fund managers turned prudent and turnover remained low at a third or a quarter of the summer peak.

Thanks to the surge in share prices, however, many corporate treasurers earned profits from "zaiteku" or financial engineering, largely offsetting a decline in operating profits.

Active trading on both the equity and debt markets enabled the big four securities houses – Nomura, Daiwa, Nikko and Yamaichi – to earn an aggregate recurring profit of Y986.6bn in the year to last September, the largest on record.

By contrast, the five largest steel firms that led the bull run last summer suffered an aggregate recurring loss of Y184bn in the six months to last September.

LONDON

AN IMPROVEMENT in Government bond prices encouraged share prices in London after the Christmas holiday. The FT-SE 100 index closed 6.5 higher than last Wednesday at 1,671.6 and the FT Ordinary index added 5.9 to 1,307.1.

Although market turnover was well below average, there were a number of highlights including Marks and Spencer, up 2p at 181p on turnover of 1.8m shares, marking the group's move into the US retail market.

Reports from Amsterdam that Opec producers will activate their new pricing levels on February 1 helped both sterling and the gilt-edged market. The latter recouped initial falls and by the close long-dated bonds showed net gains of ⅜ or so.

Chief price changes, Page 23; Details, Page 22; Share information service, Pages 20–21

HONG KONG

HEAVY post-holiday buying pushed Hong Kong share prices to a second consecutive record high, with the Hang Seng index gaining 28.53 to end at 2,552.45 from last Wednesday.

The local buying interest started early and centred mainly on the Cheung Kong group, with overall market turnover unusually high for the post-Christmas period at HK$1.02bn, up some HK$356m from Wednesday.

In Taiwan, share prices reached an all-time high. The stock exchange weighted index rose 10.84 to 1,039.11, up 8.5 from the previous record on November 3. Share transactions reached a record 670bn Taiwan dollars (US$18bn) in 1986, nearly double the T$351bn last year.

Cheung Kong, its associate Hutchison Whampoa, and Hopewell Holdings all firmed on proposals to build a second airport in the colony.

Cheung Kong gained HK$1 to HK$39.25 and Hutchison HK$1.25 to HK$46.25 both 1986 highs while Hopewell added 25 cents to HK$3.30.

AUSTRALIA

STRONG SUPPORT for selected industrials, golds and oils boosted Sydney to a record and the All Ordinaries index gained 5.2 to end at 1,467.5, surpassing last Tuesday's 1,463.8 record. Firmer gold and oil prices, hopes for lower domestic interest rates and takeover activity in the media sector improved sentiment. However, trading was still subdued after the holiday break.

News Corp rose 30 cents to A$17.30 and Fairfax gained 20 cents to A$11.20. Herald and Weekly Times (HWT) lost 15 cents to A$12.75.

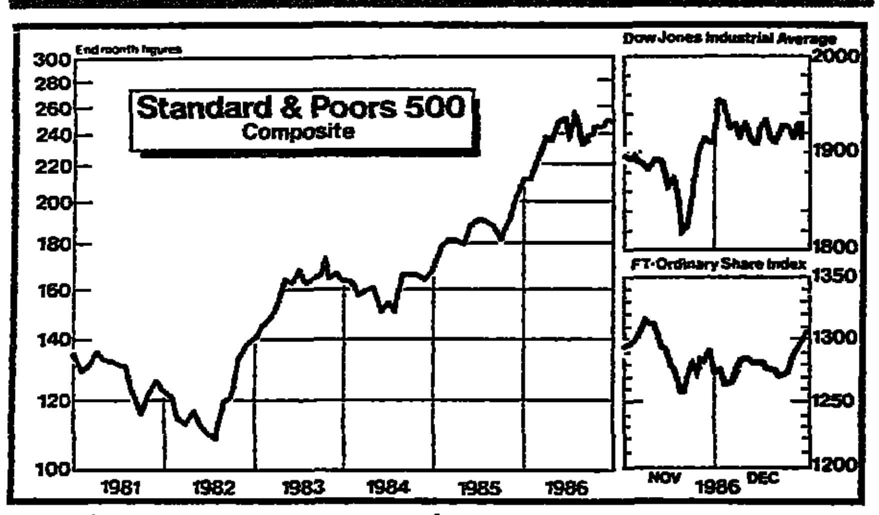
SINGAPORE

FEATURELESS dull trading took Singapore lower as most investors stayed on the sidelines ahead of the new year holiday. The Straits Times industrial index fell 3 points to 898.20.

Sri Hartamas, the most actively traded issue, dropped 4.5 cents to 86 cents while Pegi Malaysia gained 1 cent to 40.5 cents. Sime Darby held steady at S$1.92.

OUB fell 6 cents to S$3.44. The bank later said that it had uncovered fraud involving letters of credit in its main Hong Kong branch and that an inquiry was in progress.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Dec 29	Previous	Year ago
DJ Industrials	1,912.12	1,930.40	1,543.00
DJ Transport	813.23	819.65	708.45
DJ Utilities	208.03	209.47	172.09
S&P Composite	244.67	246.92	209.61
LONDON			
FT Ord	1,307.0	1,301.2	1,133.0
FT-SE 100	1,671.6	1,665.1	1,398.9
FT-A All-share	831.99	829.11	676.10
FT-A 500	913.00	908.86	741.37
FT Gold mines	299.0	299.6	246.0
FT-A Long gilt	10.29	10.31	10.41
TOKYO			
Nikkei	(c)	18,820.65	13,083.2
Tokyo SE	(c)	1,562.55	1,047.08
AUSTRALIA			
All Ord.	1,467.5	1,462.3	(c)
Metals & Mins.	717.2	716	(c)
AUSTRIA			
Credit Aktien	–	(c)	242.55
BELGIUM			
Belgian SE	4,081.51	4,016.3	2,928.03
CANADA			
Toronto			
Metals & Minls	1,957.5	1,961.8	2,053
Composite	3,045.1	3,027.7	209.61
Montreal			
Portfolio	533.74	1,531.18	141.29
DENMARK			
SE	–	(c)	236.81
FRANCE			
CAC Gen	405.80	407.10	262.0
Ind. Tendance	160.20	161.00	99.8
WEST GERMANY			
FAZ-Aktien	678.07	(c)	649.14
Commerzbank	2,049.00	(c)	1,937.1
HONG KONG			
Hang Seng	2,552.45	2,523.92	1,730.37
ITALY			
Banca Comm.	716.37	(c)	456.76
NETHERLANDS			
ANP-CBS Gen	279.50	280.3	(c)
ANP-CBS Ind	275.10	276.0	(c)
NORWAY			
Oslo SE	354.84	(c)	392.76
SINGAPORE			
Straits Times	898.20	901.20	614.54
SOUTH AFRICA	Dec 23	Prev	Year Ago
JSE Golds	—	1,892.0	1,150.8
JSE Industrials	—	1,409.0	1,046.8
SPAIN			
Madrid SE	207.80	205.25	99.08
SWEDEN			
J & P	2,443.85	(c)	1,715.06
SWITZERLAND			
Swiss Bank Ind	588.30	(c)	569.30
WORLD	Dec 24	Previous	Year ago
MS Capital Int'l	357.9	359.3	253.8

COMMODITIES

(London)	Dec 29	Prev
Silver (spot fixing)	363.20p	363.2p
Copper (cash)	£907.50	£909.25
Coffee (March)	£1,687.50	£1,749.25
Oil (Brent blend)	$17.70	$17.05

GOLD (per ounce)

	Dec 29	Prev
London	$389.50	$390.375
Zürich	$390.35	$391.05
Paris (fixing)	$386.15	$395.00
Luxembourg	$391.75	$393.50
New York (Feb)	$391.85	$393.00

CURRENCIES

	US DOLLAR		STERLING	
(London)	Dec 29	Previous	Dec 29	Previous
$	–	–	1.4685	1.4570
DM	1.9425	1.9695	2.8525	2.87
Yen	159.00	161.95	233.50	236
FFr	6.4275	6.48	9.4375	9.44
SFr	1.6230	1.6495	2.3825	2.4025
Guilder	2.1965	2.2270	3.225	3.245
Lira	1.353	1,367.50	1.9877	1,992
BFr	40.50	41.00	59.45	59.75
C$	1.3815	1.3775	2.0270	2.0060

INTEREST RATES

Euro-currencies (3-month offered rate)	Dec 26	Prev
£	11⁹⁄₁₆	11⁹⁄₁₆
SFr	3⅞	4½
DM	5⅛	5⁵⁄₁₆
FFr	10⅛	9⅝
FT London Interbank fixing (offered rate)		
3-month US$	6¹¹⁄₁₆	6⁹⁄₁₆
6-month US$	6⅝	6⁹⁄₁₆
US Fed Funds	8¼*	5⅞
US 3-month CDs	6.20*	6.575
US 3-month T-bills	5.68*	5.72

US BONDS

Treasury		December 29* Price	Yield	Prev Price	Yield
6⅞	1988	99²⁷⁄₃₂	6.36	99³⁰⁄₃₂	6.283
7⅛	1993	100¹⁴⁄₃₂	7.01	101	6.936
7⅜	1996	100²¹⁄₃₂	7.145	101⁹⁄₃₂	7.066
7¼	2016	101⁷⁄₃₂	7.39	101²⁸⁄₃₂	7.338

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	Dec 29 Day's change	Yield	Day's change
1–30	160.82	−0.36	+0.06	−0.35
1–10	152.75	−0.17	+0.06	−0.20
1– 3	142.39	−0.04	+0.06	−0.11
3– 5	155.56	−0.18	+0.06	−0.22
15–30	189.66	−1.03	+0.06	−0.87

Source: Merrill Lynch

Corporate	December 29* Price	Yield	Prev Price	Yield
AT & T				
3⅞ July 1990	91.927	6.50	93.329	6.35
SCBT South Central				
10⅞ Jan 1993	106.125	9.516	106.25	9.52
Phibro-Sal				
8 April 1996	99.125	8.114	99.65	8.05
TRW				
8⅞ March 1996	103.125	8.235	103.99	8.12
Arco				
9⅞ March 2016	111	8.818	111.0	8.81
General Motors				
8⅛ April 2016	93	8.78	93	8.78
Citicorp				
9⅞ March 2016	101	9.273	100.75	9.29

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT)				
8% 32nds of 100%				
March	99–11	99–31	99–07	100–08
US Treasury Bills (IMM)				
$1m points of 100%				
March	94.66	94.73	94.65	94.74
Certificates of Deposit (IMM)				
$1m points of 100%				
Dec	–	–	–	94.02
LONDON				
Three-month Eurodollar				
$1m points of 100%				
March	93.92	93.98	93.92	93.95
20-year Notional Gilt				
£50,000 32nds of 100%				
Dec	111–12	–	–	111–20

* *Latest available figures*